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I N D U S T R I A L S E R V I C E S P R O G R A M



**INDUSTRIAL
SERVICES
PROGRAM**

Michael S. Dukakis
Governor

Industrial Services Program

MICHAEL S. DUKAKIS
Governor

PAUL J. EUSTACE
Secretary of Labor

JOSEPH D. ALVIANI
Secretary of Economic Affairs

PATRICIA HANRATTY
Executive Director

Hundreds of manufacturing businesses, large and small, along with thousands of their employees, are being helped today in Massachusetts like never before.

New loans are being negotiated, and new investors are being identified. Management is getting expert advice on everything from energy audits that help save significant operating dollars, to finding new plants sites that enable companies to capitalize on profit-making opportunities.

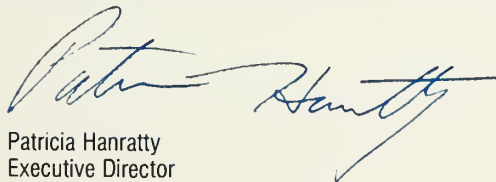
And perhaps most important of all, thousands of jobs are being saved.

When layoffs or plant closings occur, workers are still being served quickly through the best programs available. More and more companies are providing advance notice of workforce reductions or shutdowns. Retraining and job placement programs, with larger company contributions than ever before, are being established. Over fifty percent of the staffs at the re-employment Worker Assistance Centers are drawn from the affected work force.

I am proud of the fact that the efforts of the Industrial Services Program and the Massachusetts Industrial Advisory Board to provide these new opportunities for troubled industries are being recognized throughout the nation. Other states are using our programs and the Mature Industries Legislation as models for their own efforts. And, the Massachusetts effort has been cited as an exceptional one by the U.S. Department of Labor and the National Alliance of Business.

Still, while we enjoy the lowest unemployment rate of any of the industrial states, the manufacturing sector here continues to be the hardest hit by mass layoffs. Fortunately, we have been able to begin to address the problem at a time when the Commonwealth, overall, is on a sound economic footing.

The challenge for the Industrial Services Program for the coming year will be to maintain the quality of our services and make them available to all of the Commonwealth's workers and companies in need of our help. We must do this in the face of substantial cutbacks in federal funds to assist dislocated workers.



Patricia Hanratty
Executive Director

1 ASHBURTON PLACE, BOSTON, MA 02108, (617) 727-8158



I N T R O D U C T I O N

The Industrial Services Program (ISP) was created in 1985 by the Massachusetts Mature Industries Legislation to help both employers and employees in the Commonwealth's mature industries. Jointly supervised by the Secretaries of Labor and Economic Affairs, the ISP operates a state-wide program that provides business consulting services and financing for companies and re-employment programs for workers who have lost their jobs because of major lay-offs or plant closings.

For businesses in financial difficulty, a professional staff is available to help companies identify efficiency problems, new markets, more productive manufacturing processes and capital needs. Specialized consultant services are also available to help companies remain viable. In addition, the ISP's expert financial staff helps companies identify public financing sources and assist them in loan packaging and applications from a variety of quasi-public agencies as well as

private capital sources. The ISP staff also makes recommendations on loans to the Board of the Economic Stabilization Trust.

Re-employment assistance programs provide workers with a broad range of services and programs designed to enable them to avoid long-term unemployment and wage reductions. When a plant closes or plans a major layoff, the ISP ensures that an employee meeting takes place and the workers receive assistance. Through Worker Assistance Centers, these workers are provided job search assistance, job training and education programs, career counseling and other support services.

By targeting its resources to upgrade the skills of the workforce and to help companies remain viable, productive members of the Massachusetts economy, the ISP is helping the Commonwealth maintain its economic diversity, while ensuring economic opportunity for all its citizens.



Business and Financial Services:

The news is never easy. A company has fallen on hard financial times and must lay off some of its workers. Cash must be saved to make ends meet. Worse still, the doors may have to be closed for good. Through its Business and Financial Services division, the Industrial Services Program helps to save some of these plants. Management consultants provide an array of services from financial help to advice on product line changes and new technologies.

During the past year, the division's professional staff, with extensive industrial experience in general management, provided help to 108 companies with 9,113 employees. In some cases, consultants worked on site for as long as three months at a time to help them avoid closures or lay-offs. The companies are in a wide range of industries, from machinery to garments, fishing to plastics, and steel and wire to publishing.

Most of the companies have been in serious financial trouble, and are in danger of having their bank loans pulled. Their major problems are often poor management and increased competition. The firms have been in existence for 5 to 150 years, and employ anywhere from 10 to 5000 people. They are located throughout the Commonwealth: in Springfield, Worcester, North Adams,

Fall River, New Bedford, Lawrence, Chicopee, Andover, Salem and Boston. Some can be saved. Some cannot. Fifteen have been forced to close in the last year.

Sometimes consulting services are not enough. Through the Business and Financial Services division, companies can be assisted in seeking financing from private sources as well as state financing agencies and the ISP's Economic Stabilization Trust.

The Economic Stabilization Trust: Leveraging Money

As the lending arm of the Industrial Services Program, the Economic Stabilization Trust (EST) can make high risk loans to companies in serious financial trouble. These loans are designed to keep the plants open and people employed for a substantial period of time. All financing decisions are approved by the EST Board of Directors which is appointed by the Governor.

To qualify for a loan a company must be in a mature industry, have a stable, competent management team, have a potentially profitable future, and be committed to maintaining jobs in Massachusetts. EST funds can be used to provide additional working capital, assist in employee or third party buyouts, purchase new equipment, or fund other projects which contribute to the long range success of the company.

Only the most difficult cases come to the EST. It is a lender of last resort and cannot loan funds

unless a company is in serious danger of closing and is unable to find sufficient monies from private and other public sources. There is a high degree of risk associated with each loan. Consequently, the loans carry significant conditions designed to help employees and the company's financial stability. These can include requirements such as lowering top management salaries, providing additional equity and instituting a health insurance plan for workers. All loans require a personal guarantee by the owner.

During Fiscal 1986, the EST made nine loans totaling \$2,922,000. These funds leveraged over \$6.2 million in other private and public funds and helped maintain 1,058 jobs. Another eight companies, in industries such as plastics, leather, wire and machining were assisted in obtaining an additional \$8.2 million in loans and equity from other lenders.

COMPANY PROFILE

A manufacturer with 400 employees and \$20 million in annual sales came to the Industrial Services Program 15 months ago in very serious trouble. The owners had bought the company in September 1981 and were having a very difficult time paying suppliers and maintaining production. Their problems were many, but the largest problem was undercapitalization—when something went wrong the company had no cushion or protection. Several things had gone wrong—

the accountant had made a major error in preparing the taxes and the company owed much more than planned; the owners were selling a piece of land to generate cash, but the sale took much longer than they had projected and no money had come; and the financial officer had not managed the money or accounts payable successfully.

The company needed more money and stronger managers. One of the ISP Business and Financial Services consultants spent four days a week at the company for two months just to straighten things out. The ISP consultant recommended that the owners should find a new buyer for the land or sell their land to a local developer and lease it back on a long term lease. It was also necessary to bring in a new financial officer. The company's owners agreed with these ideas and the ISP helped them to implement the new business plan.

The ISP consultant also worked closely with the union and the company's bank. The union was cooperative but very nervous and was looking for pay increases which the company could not afford. After much discussion, the union agreed to postpone pay increases and work

with the managers to help improve the company's productivity. The bank was also nervous and wanted to pull out. The ISP consultant was able to convince the bank to stay involved. Finally, a new buyer was found and the ISP business and financial consultant worked with the buyer to get the financial commitments the company needed. A deal was made for the new owner to buy the company for \$10 million. The Industrial Services Program's Economic Stabilization Trust loaned \$90,000 to the company and guaranteed an additional \$310,000. The ISP contributed a total of 4% or \$400,000 of the \$10 million needed to save the company and turn it around.



Worker Assistance Centers:

The problem is not new—but it is always devastating. A company that has employed hundreds of workers in a town is forced to close. The workers cannot believe it's true—the town is in shock. What will happen to all these people and their families? How will they ever find new jobs?

It is in crisis situations like this that the Industrial Services Program moves quickly into action. All of the local people who know the problem and can help the workers come together quickly—the unions, the Division of Employment Security, training agencies, the United Way—are all galvanized. Often, within just weeks the ISP provides funds to open a Worker Assistance Center at a familiar site near the company where the unemployed workers can get the help they need to find new jobs.

Many of these workers have been in their jobs for ten, twenty and even thirty years. Often, they have spent their entire work lives at the same plant and have not looked for a job since they were young adults. They are older than the average worker and are frequently in their forties and fifties. Overall, nearly one-third of these workers do not have a high school diploma.

The problem is complex. These men and women have heavy family and financial responsibilities and are thrown into a state of fear and depression when the only job they have ever had suddenly disappears. Even though



many of them receive advance notice and severance pay, they simply cannot adjust overnight to finding a new type of job. Worker Assistance Centers provide them the help they need in learning a new skill and finding a new job. They provide job placement and training services and, when necessary, educational and support services. For many thousands of laid off workers around the Commonwealth these Centers provide the bridge back to economic stability and productivity.

Between January 1, 1985 when the Mature Industries Legislation took effect, and June 30, 1986, 26 Centers were established around the state. During FY 86, 14 Centers have been set up to serve 6,000+ laid off workers. Massachusetts Worker Assistance Centers have some of the best success rates in the United States. Overall, 79% of the workers who use the Centers are placed in jobs. Their new jobs pay an average starting salary of \$7.08 per hour and that is very close to what they were earning after years of seniority at their old plants. Their new jobs start

these workers at 87% of their old wages and there are significant opportunities for raises as they learn their new jobs.

To ensure coordination with local employment and training agencies all Centers are operated either by the local office of the Division of Employment Security or the local Service Delivery Area under the Job Training Partnership Act. Several community colleges have also been actively involved in Worker Assistance Centers, either by housing the Center or providing re-training courses. Local United Way offices have provided support and social services to workers at the Centers.

Perhaps, the most important connection at the Centers is the involvement of labor unions and workforce people. When a plant which has a union closes, the union representatives are immediately involved in designing the Center for their members. They help locate, and even pay for, space for the Center, help identify workers who would be good staff members for the Center, and provide badly needed information on the background, age and skills of their members. The ISP has found that workforce and union involvement are the key to successful Centers.

Massachusetts has the highest participation rate in the nation in these programs, and we believe it is because we actively involve workers at all levels of the process. Over half the staff mem-

bers at our Centers are workers who came out of the plants we are serving. They provide an irreplaceable personal knowledge of their fellow workers and win their trust quickly. As a result, workers feel the Centers are truly for them, and they use them. This unique feature of our programs has made them the subject of study by other states and the U.S. Department of Labor which cited the ISP Centers as exemplary programs in a recent report.

The best way to explain the work of the Centers is to look at them through the experiences of individual workers.

WORKER PROFILE

In 1984 Brenda Carter left her minimum wage job as a dishwasher and banquet waitress for what she thought was a good thing for her and her two children—a job at the General Dynamics Quincy Shipyard. After a series of dead end jobs, which never earned her more than minimum wage, Brenda was now earning \$6.02 an hour as a beginner welder.

She hadn't been on her job for even a year with General Dynamics when she found out the shipyard would close and she would be laid off. Brenda enrolled at the Worker Assistance Center set up by the ISP, General Dynamics, and Local 5 of the Shipbuilders for the shipyard's employees. The Center, directed by

DES and General Dynamics management personnel, served thousands of workers like Brenda. Through a series of job counseling sessions with a career specialist, Brenda found that she really wanted a career change. Because she had a strong interest in computers and was a highly motivated individual, the placement counselor recommended that Brenda be given a training slot at Massasoit Community College. Brenda, however, had only an eighth grade education and Massasoit was reluctant to accept her into the program.

With the understanding that she would obtain her high school diploma (GED), she enrolled into both Massasoit Community College for computer programming and a GED program to earn her high school diploma. By April 1986, Brenda had met her objectives.

After successfully completing these programs, Brenda went back to the Worker Assistance Center and began the job development process. Soon she had an interview with Blue Cross/Blue Shield and was offered a job as a computer operator. Brenda started her job at over seven dollars an hour. Today, Brenda has the possibility of being upgraded to a management position in the very near future.



In the Spring of 1985 the General Dynamics Shipyard in Quincy announced it would be closing and laying off its workforce of 6,300 people. Within days the ISP brought the unions, local employment and training agencies throughout the area and the Division of Employment Security together to work with General Dynamics in providing help to its shipbuilders. The company had already rented office space in Braintree for a job placement center and agreed to help the ISP provide training and educational services for the workers. The ISP was committed to actively involving the local unions, particularly Local 5 of the United Shipbuilders which represented the largest share of workers in the Worker Assistance Center. In July, people from Local 5 joined DES staff and General Dynamics personnel at a jointly funded Center for the shipyard's employees.

In all, over \$3 million in General Dynamics, state and federal funds went into the largest Worker Assistance Center in Massachusetts' history. General Dynamics found that by September 1986 a total of over 3500 had found new work and nearly 900 workers had retired. By September 1986, 3289 workers had been served by the Center, 1,249 had been placed in jobs with an average wage of \$9.53 per hour and 639 had been retrained for new careers. There are still workers in need of help, particularly those laid off in June 1986, and the Worker Assistance Center will

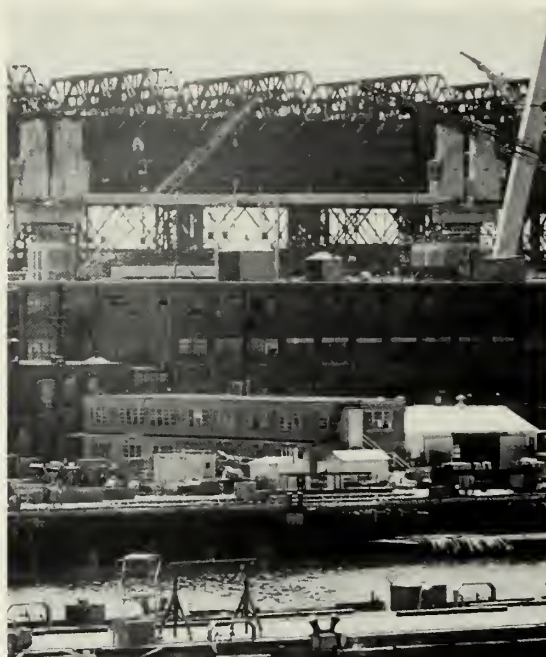
continue to serve the General Dynamics workers for the foreseeable future.

When Governor Dukakis learned that the entire shipyard would be closing, he made a commitment to doing everything in his power to maintain maritime industries, and hopefully shipbuilding, at the site. At the request of the Massachusetts Legislature, a Special Task Force on the Future Use of the Quincy Fore River Shipyard was immediately appointed. The ISP staffed the project and the search for a reuse plan began in the Summer of 1985. On the Task Force were representatives of the company, the workers, the city of Quincy, the business community, the Legislature, the Congressional delegation, and the Administration. It began meeting in August 1985 and quickly selected a consultant firm, Booz, Allen & Hamilton, to evaluate future shipbuilding and industrial uses for the yard. The report, which was submitted in February 1986, indicated that there were shipbuilding opportunities for the yard but not until 1988. Further, the report gave a dim outlook for other large industrial uses at the site.

Shortly after the report was submitted, Local 5 approached the ISP about evaluating the possibility of an employee buyout of the yard. The ISP engaged the nationally known employee buyout specialists, the Industrial

Cooperative Association (ICA) of Somerville, to determine the feasibility of this option. In May 1986, ICA came in with a preliminary analysis which recommended that a thorough investigation of an employee buyout be pursued. General Dynamics agreed to postpone its bidding process on the sale of the yard until September 30, 1986 when the feasibility study would be completed.

Subsequently, the employees submitted a joint venture bid to General Dynamics for the purchase of the yard. The company's decision is not yet known.



The Mature Industries Research Project:

The Commonwealth has been fortunate in the last two years to have one of the strongest economies in the nation. Our extremely low unemployment rate and the creation of over 350,000 new jobs since January 1983, have truly begun to provide opportunities for all our citizens. Yet, even with these prosperous times, traditional manufacturing industries have had problems. Plant closings and layoffs take place even in a healthy economy. As we have seen over the past several years, those layoffs are not necessarily distributed evenly across the state's labor markets or industries. In order to track layoffs and closings and who they affect, the Mature Industries Legislation created a research group within the Division of Employment Security. This Mature Industries Research project reports to the Massachusetts Industrial Advisory Board on the level and types of layoffs occurring in the state. The data gathered by the project is summarized here.

During 1985, Massachusetts businesses reported 329 distinct layoffs. Another 84 layoffs were reported during the first quarter of 1986. While the number of workers affected by mass layoffs and closings represented only a fraction of the state's entire

workforce, there continues to be a wide variance in the impact among different sectors. However, one thing is clear—manufacturing continued to be hit the hardest by layoffs. Similarly, several areas of the state continue to experience difficult economic times. They include North Adams, Fall River, New Bedford, Worcester, Springfield and Gardner.



The Social Compact

When the Governor's Commission on Mature Industries made its recommendations for a new, innovative law to help the mature manufacturers in Massachusetts and their workers, it called for a Social Compact between business, labor and government. The Compact calls upon firms to make good faith efforts to provide as much notice as possible to workers in the event of a plant closing or major layoff.

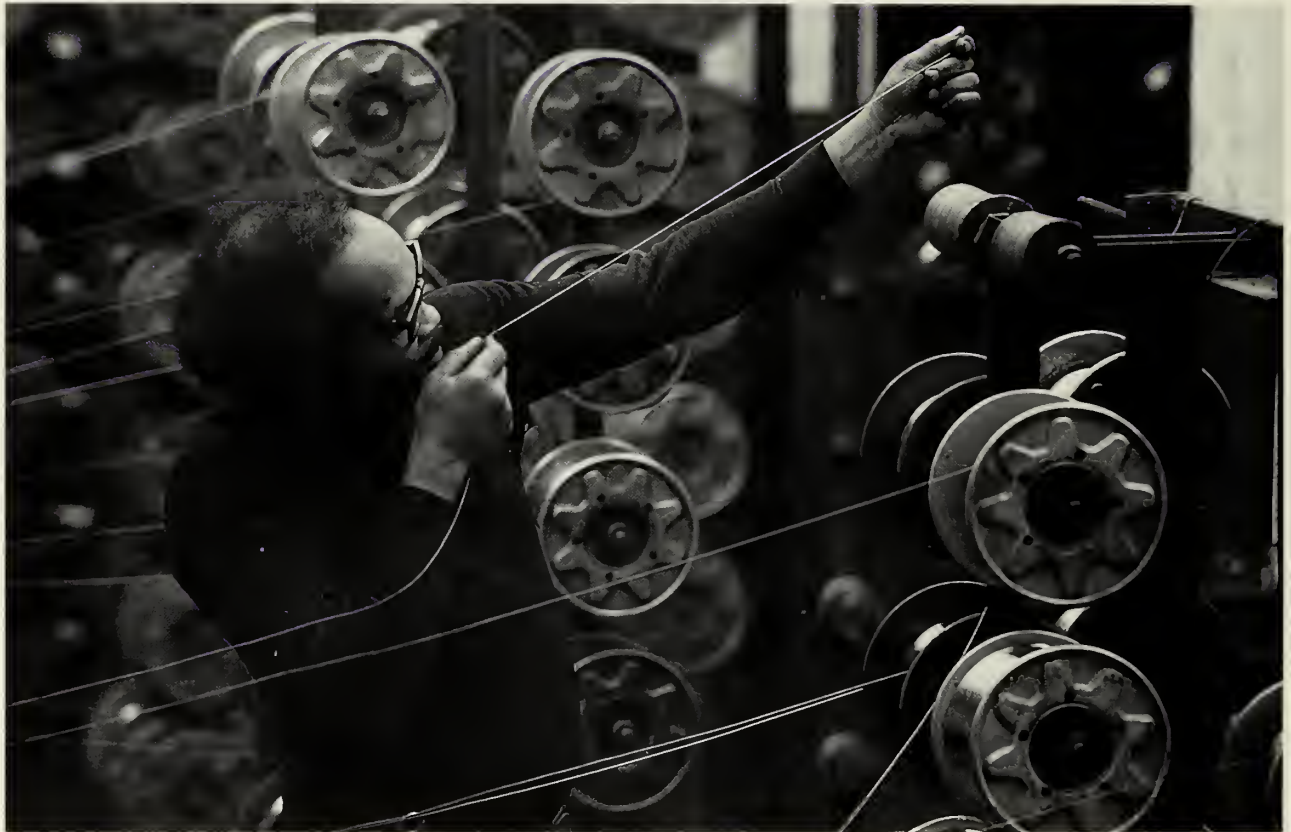
The Social Compact, which is voluntary, became part of the Mature Industries Legislation and calls for 90 days notice or pay in lieu of notice by companies laying off workers or closing plants. As an incentive, firms must also

agree to the Compact before they can seek public financing through a number of agencies, including the Economic Stabilization Trust, the Community Development Finance Corporation, the Government Land Bank, the Massachusetts Industrial Finance Agency, and the Massachusetts Technology Development Corporation.

Since the Legislation went into effect on January 1, 1985, there has been a dramatic increase in workers receiving either three months notice or a combination of notice and severance pay; 61% of laid off workers were employed in companies which gave notice and/or severance pay totalling 3 months. This can be compared with the 28% of workers receiving 3 months notice identified by The Mature Industries Commission in the period from January 1982 to December 1983. Furthermore, it is evident that the size of the firm has been a factor determining the amount of advance notice companies provide. There was 100% compliance with firms with 400+ employees which sharply dropped to 50% for firms with 300-399 employees down to 18% for firms with less than 100 employees. Clearly, this trend has implications for future efforts towards compliance.

The Massachusetts Social Compact has provided a guideline for responsible behavior that already has led to remarkable results and visible proof of employers' good faith.

I N D U S T R I A L D E V E L O P M E N T



Cooperative Regional Industrial Laboratories:

Save the business. Retain the jobs. Create new ones, whenever possible. These are the overriding goals of the Industrial Services Program. When traditional approaches are unable to meet these goals, the ISP is prepared to employ new methods to achieve the necessary results. Cooperative Regional Industrial Laboratories, or CRILs, are experimental economic development programs that are undertaken to find new, innovative ways of retaining jobs and creating new ones in mature industries.

By drawing upon the skills of the workforce and employing a number of other non-traditional strategies, CRILs supplement and expand the Commonwealth's economic development efforts. However, like any experiment, traditional thinking is often put aside, to explore new ways to achieve these goals.

As with other ISP efforts, worker involvement is a key to making a CRIL successful. This economic experiment has already found that workers possess a large reservoir of ideas and experience on how to improve manu-

facturing processes and productivity. The CRIL programs are directed by the ISP and the Executive Office of Labor. CRIL projects are operated by local economic development or employment and training agencies.

Machine Trades Action Project

The Machine Trades Action Project (MTAP), centered around Greenfield and Athol, began in the Spring of 1984 as the result of the severe loss of skilled machinist jobs from cutting tool manufacturers in the area. As part of their involvement, workers designed and conducted a survey of worker skills. The results, which provide information on the wealth of skills and experience of machine and cutting tool workers in the area, are a major component of a new marketing campaign by economic development agencies, including local Chambers of Commerce, to attract new machining firms to the Greenfield-Athol area.

In addition to marketing efforts, the MTAP seeks to identify product diversification opportunities and develop entrepreneurial initiatives. For example, as part of an effort to identify potential new customers for existing firms, MTAP interviewed 700 companies to assess their needs. To date, it has received 19 requests from 15 different companies for specific products and services, which have led to five actual contracts. The mes-

sage is clear: by identifying demand for new product lines, the firms' manufacturing can be redirected into profitable channels.

A new CRIL program is in the planning stages for the machining and metal working industries in the Springfield area. This program's development is likely to parallel MTAP. Discussions of cooperations have already begun between MTAP staff and the Hampden County Employment and Training Consortium.

Needle Trades Action Project

A second major CRIL effort, the Needle Trades Action Project in Southeastern Massachusetts, shows how non-traditional strategies are being used to deal with serious economic development issues. This project began in June 1985. In Fall River, the apparel industry still employs about 8,000 people. However, it is increasingly threatened by international competition. Here, the CRIL works to strengthen the existing firms and promote regional cooperative projects beneficial to the entire industry.

With the assistance of the CRIL, a group of Fall River manufacturers and contractors worked together to obtain a contract for the Coca-Cola line of clothing. A CRIL-funded consulting engineer is also working with Fall River firms on upgrading manufacturing processes.




**The Board of Trustees
Economic Stabilization Trust Fund**

We have examined the statement of assets, liabilities and fund balance of the Economic Stabilization Trust Fund (the "Trust," a financing affiliate of the Industrial Services Program) as of June 30, 1986, and the related statements of support and revenue, disbursements and expenses, and changes in fund balance, and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The financial statements of the Trust for the period from July 12, 1984 (date of inception) through June 30, 1985 were examined by other auditors whose report dated November 14, 1985 (except as to the subsequent events note which is as of July 14, 1986) expressed an unqualified opinion on those statements.

Since the Economic Stabilization Trust Fund provides high risk financing to troubled businesses, its enabling legislation does not hold the Trust to loan loss standards of commercial lenders, and the Trust does not attempt to evaluate loan collectibility in order to establish a reserve for doubtful loans receivable as required by generally accepted accounting principles. Rather, loans are written off to the extent that the Trust has no collateral when the borrowers default or enter bankruptcy, and subsequent recoveries are recognized only when realized. This policy, which is in accordance with The Commonwealth of Massachusetts General Laws Chapter 23D, is more fully described in Note 2 to the financial statements. Accordingly, the accompanying 1986 financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the 1986 financial statements referred to above present fairly the assets, liabilities and fund balance of the Economic Stabilization Trust Fund (the financing affiliate of the Industrial Services Program) at June 30, 1986, and the results of its operations and changes in its cash position for the year then ended, in conformity with the regulatory basis of accounting described in the preceding paragraph applied on a basis consistent with that of the preceding year.



Boston, Massachusetts
September 18, 1986

ECONOMIC STABILIZATION TRUST FUND
Statements of Assets, Liabilities and Fund Balance
June 30, 1986 and 1985

ASSETS	<u>1986</u>	<u>1985</u>
Current assets:		
Cash and cash equivalents	\$ 976,559	\$1,514,642
Accrued interest receivable	7,236	1,638
Grants receivable from The Commonwealth of Massachusetts	1,200,000	487,505
Loans receivable - current portion	<u>128,278</u>	<u>-</u>
Total current assets	2,312,073	2,003,785
Loans receivable - long term portion	<u>996,125</u>	<u>-</u>
Total assets	<u><u>\$3,308,198</u></u>	<u><u>\$2,003,785</u></u>
 LIABILITIES AND FUND BALANCE		
Current liabilities:		
Due to the Industrial Services Program	<u>7,236</u>	<u>-</u>
Total current liabilities	<u>7,236</u>	<u>-</u>
Fund balance:		
Committed to existing loans	1,500,000	-
Designated for future commitments	402,980	-
Uncommitted	<u>1,397,982</u>	<u>2,003,785</u>
Total fund balance	<u>3,300,962</u>	<u>2,003,785</u>
Total liabilities and fund balance	<u><u>\$3,308,198</u></u>	<u><u>\$2,003,785</u></u>

WORKER ASSISTANCE CENTERS

REGION I

(WESTERN MASSACHUSETTS)

Northern Berkshire Worker Assistance Center

North Adams
Operated by the Division of Employment Security

Southern Berkshire Worker Assistance Center

Great Barrington and Pittsfield
Operated by the Division of Employment Security

United Technologies Worker Assistance Center

Springfield
Operated by the Division of Employment Security

Hampden County Worker Assistance Center

Springfield
Operated by the Hampden County Employment & Training Consortium

Buxton Worker Assistance Center

Agawam
Operated by the Division of Employment Security

Franklin/Hampshire Worker Assistance Center

Greenfield and Athol
Operated by the Franklin/Hampshire Employment & Training Consortium

REGION II

(CENTRAL MASSACHUSETTS)

Montachusett Workers Center

Gardner
Operated by the Division of Employment Security

Foster Grant Worker Assistance Center

Leominster
Operated by the Division of Employment Security

Worcester Worker Assistance Center

Worcester
Operated by the Southern Worcester County Service Delivery Area

Guilford Worker Assistance Center

Douglas
Operated by the Division of Employment Security

REGION III (NORTHEAST)

Salem Worker Assistance Center

Salem
Operated by the Division of Employment Security

Carol Shoe Worker Assistance Center

Lowell
Operated by the Division of Employment Security

Lawrence Worker Assistance Center

Lawrence
Operated by the Department of Training and Manpower Development

Ornstein Heel Worker Assistance Center

Haverhill
Operated by the Division of Employment Security

Uniform Printing Worker Assistance Center

Lowell
Operated by the Division of Employment Security

REGION IV (Greater Boston)

Bunker Hill Worker Assistance Center

Charlestown
Operated by Employment Resources, Inc.

Colonial Provision Worker Assistance Center

Boston
Operated by the Division of Employment Security

Garment Industry Worker Assistance Center

Boston
Operated by the Mayor's Office of Jobs and Community Services

REGION V (SOUTHEAST)

Brockton Worker Assistance Center Stoughton

Operated by the Brockton Area Private Industry Council

General Dynamics Worker Assistance Center

Braintree
Operated by the Division of Employment Security

Bristol County Worker Assistance Center

Fall River and Taunton
Operated by the Bristol County Training Consortium

New Bedford Worker Assistance Center

New Bedford
Operated by the Office of Job Partnerships

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Photo reprinted courtesy of the Boston Herald

Industrial Services Program

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Secretary of Economic Affairs

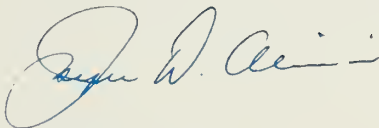
PATRICIA HANRATTY
Executive Director

Our economy has reached unprecedented levels in generating new jobs, business growth, incomes and opportunity for our citizens. It has been against this backdrop of a vital economy that we have focused new efforts and resources to our mature manufacturing industries throughout the Commonwealth. Our mission has been clear—to provide every measure of economic opportunity to all regions of the state and to all of our people. Through the Massachusetts Industrial Services Program we have been able to do just that—by assisting both employers and employees when possible, saving companies and jobs. And, most importantly, striving to make sure that workers have the job training, skills upgrading, and support services they need to secure well-paying stable jobs.

The Executive Offices of Labor and Economic Affairs have both been responding to the needs of laid off workers and companies in mature industries across the state since 1983. With the creation of the Industrial Services Program, we have the focus and resources to solve the problems with which we have so long been concerned. Whether through the Business and Financial Services division, Cooperative Regional Industrial Laboratories (CRIL), the Economic Stabilization Trust, or our Worker Assistance Centers, the ISP continues to address the problem of plant closings and permanent layoffs.

In no small measure, our successes reflect the support and collaboration of many dedicated partners, the Massachusetts Legislature, business and labor leaders, local economic development professionals and a strong state-wide job training network working closely with our staffs in the Offices of Labor and Economic Affairs.

While we are often considered a high tech state—and that's very important to us—we also have a tremendous diversity here. The Mature Industries segment of the Massachusetts economy has been, and will remain, a vital and important part of the industrial strength of the Commonwealth.



Joseph D. Alviani
Secretary of Economic Affairs



Paul J. Eustace
Secretary of Labor



INDUSTRIAL SERVICES PROGRAM

ECONOMIC STABILIZATION TRUST

Paul J. Eustace, *Chair*
Secretary, Executive Office of Labor

Joseph D. Alviani, *Secretary*
Executive Office of Economic Affairs

Alex Aikens, *Vice President*
Loan Reviews Division
Bank of Boston

Clifford Carlson, *Chairman*
Bank of New England, Fall River

Harold N. Cotton, *President*
Madison Wire & Cable

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Federal Reserve Bank of Boston

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Fitchburg Industrial Development Commission

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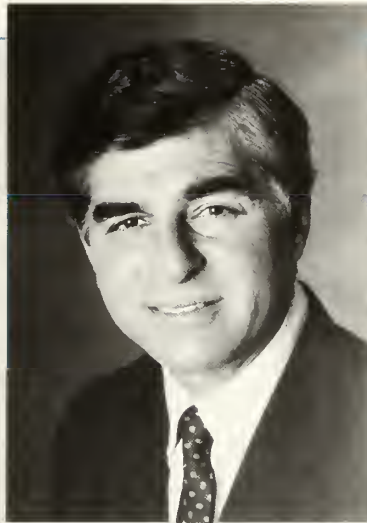
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**INDUSTRIAL
SERVICES
PROGRAM**



October 1, 1987

Dear Friends:

I am pleased to present the Industrial Services Program Annual Report for FY'87.

The ISP has been successfully addressing economic transition and worker adjustment issues in Massachusetts since 1985. As you will see in this report the ISP helps companies and workers get back on their feet again. I am proud that the ISP has been cited for excellence by the US Department of Labor, the Congressional Office of Technology Assessment, the National Alliance for Business and the National Governor's Association.

As the Industrial Services Program has demonstrated, traditional industries and its workers in Massachusetts can become more competitive. They are proving that together we can create opportunity for all.

Sincerely,

A handwritten signature in blue ink, which appears to read "Mike Dukakis". The signature is fluid and cursive, with a large initial "M" and "D".

Michael S. Dukakis
Governor



Message from the Executive Director

The Industrial Services Program has been helping companies, unions and their workers for over two years now. We provide an array of services from helping workers find new jobs and learn different skills to making additional capital available to the owners and managers of traditional manufacturing firms.

The work of the ISP is best seen in the stories and successes of our clients. Their ability to overcome difficult challenges and seemingly impossible odds makes them unique. We are proud to be a part of their success as they demonstrate time and again that with some help from us they can come back stronger and better than before.

This Annual Report is a chronicle of and a tribute to their success. We dedicate it to them.

Patricia Hanratty

One Worker's Story

SHIRLEY DESMARIS —

Buxton Leather in Agawam wasn't the first plant closing for Shirley Desmaris. After 11 years of working at Wico Prestolite, the plant shut down. She got a job at a law firm, but not before spending a year on unemployment, and was laid-off again 5 months later because of overstaffing. When Shirley got her secretarial job at Buxton she thought it would be a permanent job. Two and a half years later on Valentine's Day 1986, and after 88 years of manufacturing wallets, Buxton closed its doors.

Shirley and her 700 co-workers were very worried. Many of them, like Shirley, were women over 50. Many hadn't finished high school and were anxious about finding work in the new education minded job market.

"I felt real sad (when Buxton closed). I liked my job and was worried that nobody else would want me because of my age. And, my husband's on disability — I needed a job with health insurance."

The Buxton workers knew they wouldn't find other jobs in a leather company or as stitchers. They hoped they could find work that would make them the more than \$7.00 per hour plus benefits they averaged at Buxton. The men and women of the Agawam plant had more than their hopes and past experiences to help them find new jobs. An ISP funded Worker Assistance Center, operated by the Division of



“I’m making better money than ever, and I feel like I’m at a place that isn’t going to fold. More important, I get a lot out of the job. I feel I’m helping others like I was helped at the Center.”

Employment Security, was set up at Buxton with company donated space and equipment even before the layoffs took place.

Like over 240 of her co-workers Shirley enrolled in one of the Center’s training courses. It was a hard decision—she’d been out of school for nearly 35 years, but for Shirley, word processing and a job search workshop were the best bet.

“At first it felt strange. I had never liked school, and I thought I’d be the old bag in the class, but there were people there older than me! I loved that class, and, I got an A!”

When she graduated from the course Richard Hill, from the Center staff, worked with Shirley to find the right job. That job was a career change at Mercy Hospital in Springfield. Today, as a medical transcriber, Shirley Desmaris earns 80¢ more an hour than she earned at Buxton. She has the health insurance she and her husband worried about, and she has a new pride in her work.

**Richard Hill and
Bob Zajac
Buxton Center Staff**

In every Worker Assistance Center it is the staff who make the difference. They are a very special group of people who work far beyond the normal 9-5 day. Shirley was helped primarily by two staff members: Richard Hill and Bob Zajac.

Richard Hill, the Project Coordinator, had worked with Shirley at Buxton Leather. He had been there for twenty-nine years starting as a production helper, becoming an incentive cutter, and finally a manufacturing engineer. In his last job he was in contact with all the Buxton workers on a daily basis, and had developed a trusting relationship with them. That relationship made Richard a natural for the Worker Assistance Center staff.

Bob Zajac, the Project Manager for DES, has a 10-year background in employment and training. When the opportunity arose to head up the Center, he took the job knowing it would be challenging. He said of the experience, "It was personally rewarding working with this staff. All were willing to learn whatever was necessary to assist



their friends. This was truly a good thing to do."

Bob and Richard are two of the many staff members in Worker Assistance Centers throughout the State whose energy, commitment, and creativity have helped thousands of unemployed workers find new, good jobs. Just as importantly, they've been there to listen, respond and help while the Buxton workers coped with losing their jobs.

**Facts on the
Buxton Worker Assistance Center**



= 458
Workers



= 88%
Placed in Jobs



= \$6.34/hr.
(86% of previous wage maintained)

"The Center was good; it was good for the people".

— Shirley Desmaris

FY'87



= **26**
Centers



= **10,881**
Workers

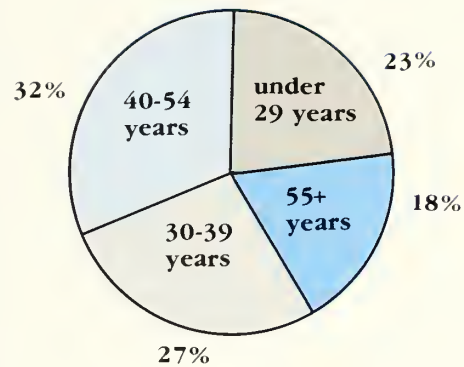


= **77%**
Placed in Jobs

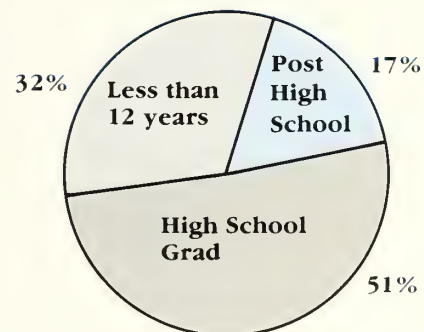


= **\$8.17/hr.**
(92% of previous wages maintained)

Age of Workers



Educational Level of Workers



A Company Comes Alive

MORSE CUTTING TOOL

It isn't often that a public agency, a hard driving Union and a Scottish investor come together to breathe new life and hope into a bankrupt company. But, that's what happened with Morse Cutting Tool in New Bedford.

This 150 year old company had a proud history of fine cutting tool production. Across the country *Morse* meant quality American made tools to generations of craftsmen. The 1980's have been devastating for Morse and its competitors. Only the finest brand names have survived.

Morse Tool, like many of its competitors, suffered significant losses in the early and mid-eighties. Owned by Gulf & Western until 1984, the company suffered from a lack of capital investment for more than ten years. In 1983 Gulf and Western decided to close down the operation. After a public debate on the closing and/or resale of Morse Tool, a Michigan based buyer was found for the company's New Bedford and Elk Rapids plants. The new owner came in with a great deal of good will and support, but had a limited amount of capital to underwrite the operation and took on substantial debt. The Morse purchase, like many other corporate divestitures, was very highly leveraged.



The Morse story is one of union — management — state commitment and determination. It illustrates how we can work together to help and strengthen our traditional industries.

After two years of irregular profits and some new acquisitions and joint ventures, Morse Tool was in difficult financial straits. This time Local 277 of the United Electrical Workers Union brought Morse to the ISP. They asked for loan and consulting advice. Because Morse was already highly leveraged and continuing to lose money at both the cutting tool and corporate levels, it was a hard decision. The ISP's finance arm, the Economic Stabilization Trust, decided to extend \$1.5 million in credit but only after cost cutting measures were adopted by the company. In addition, the ISP was to be involved with management and labor as they tried to turn the company around. Unfortunately, the total debt was too high and the profit margins continued to be too low. Morse went into reorganization bankruptcy (Chapter 11) with the state and Local 277 as supportive creditors in January 1987.

In many ways, Chapter 11 was the best thing that could have happened to Morse Cutting Tool. During the long and difficult court hearings, Ron Carver and Rod Poineau of Local 277 worked closely with all the creditors. The union was able to help market the company to new buyers and became involved in negotiations with investors and creditors. The ISP, with union and creditors support, filed and won a petition to have the bankruptcy heard in Boston. Several potential buyers approached the ISP to discuss its \$1.5 million debt. Because it was a secured creditor the ISP was able to play a pivotal role, offering incentives to investors who would continue to operate the New Bedford plant.

In April 1984, representatives of International Twist Drill, a Scottish Company which had bought and profitably operated the Cleveland Twist Drill operation in Petershead, Scotland, told Local 277 and the ISP they wanted to operate Morse in New Bedford and retain the employment. Ron and Rod began contract negotiations and reached an agreement within 3 weeks. The ISP agreed to convert the \$1.5 million loan to Class "A" preferred stock to be paid out with interest over a 15 year period in exchange for a written commitment to maintain the New Bedford operation and build up to several hundred employees within three years.

International Twist Drill also committed to investing a minimum of \$3 million in working capital in the company. In exchange ISP granted a three year grace period on the loan so that additional capital would be available to the plant. On June 8, 1987 the Federal Bankruptcy Court in Boston, under Judge Gabriell, approved ITD's purchase of Morse Cutting Tool.

Within two months, more than 225 workers were back at the New Bedford plant. The new owners are working with the ISP developing plans for a new, modern plant to replace the 125 year old facility on Pleasant Street. The Morse story is one of union — management — state commitment and determination. It illustrates how we can work together to help and strengthen our traditional industries. None of us can do it alone, but together we bring the resources, creativity and willingness to change, which our plants need.

ROWLEY PRINTING
Good Advice —
Great Results

Don Kent started Rowley Printing with the idea that it would be a business for his family for as long as they wanted. In July of 1986 that dream almost came to an end. The company was behind in the lease payments on their printing equipment. In the last week of July, lawyers for the leasing company were demanding immediate payment or the equipment would be seized.

"There just wasn't the money to keep Rowley going."

It looked as though Rowley Printing would be forced to close. They had tried for quite some time to get a loan to forestall the seizure but each funding source they tried turned them down.

Don Kent was frustrated. It seemed he had no choice but to accept an inevitable closing. Through a friend Don heard that the Industrial Services Program helps companies like his. George Coughlin of the ISP staff went to work with Rowley in early August. He concluded that the difficulty in obtaining loans lay in the presentations made to various banks. George and Don went to work putting together a package which dealt with Rowley's problem and their solutions.

By the end of August,



a new presentation and strategy had been created through many long hours and late evenings. Rowley Printing approached a local bank, the Thrift Fund, and Massachusetts Business Development Corporation (MBDC). They were all impressed by the presentation. By the first week of September 1986, just six weeks from when the lessors threatened to seize the equipment, Rowley Printing had commitments for \$1.45 million. This was more than enough to

pay for the printing presses and begin to plan for the future.

"I never want to live through those times again. But now, because of the loan and consulting help, sales are increasing, and we have gotten another loan for a new two-color press. When we went to the bank this time they had no problems. We have added people, new equipment, and we are holding our own."

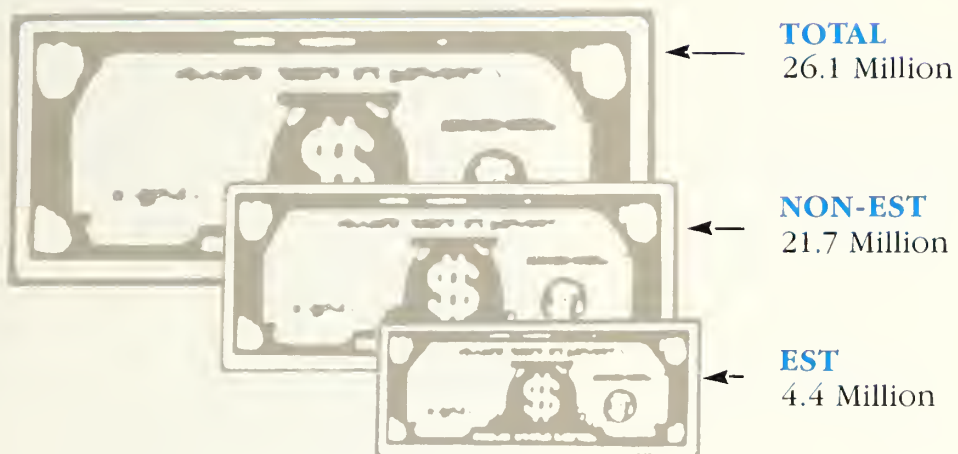
Today Rowley Printing employs 32 people and soon will be adding 10 more people because of the new presses and the increased sales.

"It was the ISP that came up with the presentation for the lenders. If that hadn't worked, Rowley Printing would not be around today."

*“But now, because of the loan
and consulting help, sales are
increasing...”*

— Don Kent

Loans and Capital Leveraged



Number of companies helped thru FY1987



= **184**
Companies



= **12,030**
Workers

New Life For The Needle Trades

In June Whittenton Manufacturing, a Fall River producer of women's uniforms, was considering laying off one or two of its four buck press operators. Over the previous year, they had averaged fewer than twenty-five hours per week and were getting partial unemployment insurance.

"We were at the point where these workers weren't accumulating enough hours to qualify for the health and retirement benefits", Dolly Ferreira, of International Ladies Garment Workers Union Local 178.

At the same time that the buck pressers were facing unemployment, Whittenton was looking to hire workers to press garments by hand. "We don't have control over the styles", stated Mike Timmons, Director of Manufacturing for Whittenton. "Some styles require hand pressing, some require the buck press. Skills for the two jobs overlap, but they're distinct operations."

Ferreira, an active board member in the Needle Trades Action Project (NTAP) funded by the ISP, proposed that the operators be trained for hand pressing instead of being laid-off. A cross-training approach had been discussed extensively within NTAP.

The idea is simple enough — workers should be trained to perform more than one job.

Complications in implementing the cross-training concept abounded. A number of employers were cool to the idea. Rather than cross-training current workers, it was argued that the state should make a substantial commitment to training large numbers of entry-level



“We were at the point where these workers weren’t accumulating enough hours to qualify for the health and retirement benefits”.

workers to ease the tight seasonal production deadlines.

But the underemployment of the Whittenton buck pressers is not unusual, particularly for workers in women’s garments. About one-third of the unemployment insurance claims for Fall River are for partial weeks, reflecting the short work week prevalent in the industry. Training large numbers of entry-level workers could aggravate the problem. The unions insisted that training programs first address the needs of the workers in the industry, including improving the number of hours and weeks worked.

Multi-skill training offered a solution for both workers and managers, but it had some problems. The apparel industry operates on a piece rate incentive system. The union negotiates a minimum (at Whittenton \$5.10 per hour), and the worker earns the minimum plus an incentive rate for every piece produced. A skilled operator often earns in excess of \$8.00 per hour with the incentive, but it is based on the speed and accuracy of the work. On a new operation a worker will make only the \$5.10 per hour base until her skills develop further. From the employer’s point of view the \$5.10 per hour is probably more than the worker actually produces for the company.

NTAP’s Training Committee structured a cross-training program which guaranteed workers their prior average hourly rate during training. As with other on-the-job training contracts, one half of the wage was paid by the employer, one half by the state. Given the piece rate system, both the



Cooperative Regional Industrial Laboratory

The Needle Trades Action Project is one of 2 Cooperative Regional Industrial Laboratories (CRILS) in the state. The CRILs are innovative economic revitalization ventures administered jointly by the ISP and the Executive Office of Labor. They bring workers, managers and community leaders together around a single industry vital to their area’s economic health. CRIL projects work to develop new marketing strategies, better labor-management relations, new training options and industry-wide cooperation. In addition to the Needle Trades Project, the ISP funds the Machine Action Project in Springfield.

employer and the worker were being encouraged to engage in the cross-training. NTAP Executive Director, Fred Johnson, prepared a cross-training proposal and presented it to Mass Jobs Southeast.

While the application was pending, Ferreira and ILGWU Local 178 Manager Nick Roussos came to the NTAP Board and suggested that a modest \$1800 be invested in a cross-training pilot project at Whittenton. The Board liked the idea. The ISP approved the use of a portion of the NTAP grant for direct training. Jim Calkins of the Bristol County Training Consortium also cooperated in implementing the idea.

By the end of August, each of the four buck pressers had received 119 hours of on-the-job training as hand pressers. Throughout the summer, they worked either operation as needed. All were working full 35 hour weeks by the end of the training program. Timmons said that they were much easier to train than new workers because they knew the essentials of pressing. Yet, none of these buck pressers had ever had a chance to learn the hand pressing operation. Without cross-training they would have been out of work and the managers would have been hunting for new, inexperienced workers to train. The Whittenton pilot became a model for NTAP and the garment industry in Southeastern Massachusetts.

The pilot program worked in a larger context as well. On August 28, Mass Jobs Southeast allocated \$51,000 to allow NTAP to expand the cross-training program for up to 125 workers.

The ISP Staff



What do a former sugar worker, shop steward, professor, city planner, management consultant, small business owner, and employment training professionals have in common? They make up the staff of the ISP. This diverse group of men and women spend long hours dealing with the crises created by plant closings and companies in trouble. Together they bring several hundred years of experience and education to their work. And as managers and workers around the Commonwealth know, they are there whenever they are needed.

Design: K-Powell Associates, Boston, MA
Photography by: Studiotech, Salem, MA
Governor's photo by Richard Sobol



Industrial Services Program

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Boston, Massachusetts 02108

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INDUSTRIAL SERVICES PROGRAM

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GOVERNMENT DOCUMENTS

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"Our competitive edge is quality."



October 1, 1988

Dear Friends:

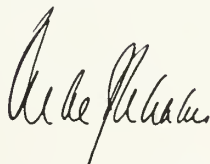
I am proud to present the Industrial Services Program Report for FY '88.

This has been a very special year for the ISP. The Industry Action Project, a joint program of the ISP and the Executive Office of Labor, has been honored by the Ford Foundation-Kennedy School of Government Innovations in State & Local Government Award.

As one of only ten programs across the United States chosen to receive this honor, the Industry Action Project is a fine example of the excellence that the ISP has consistently achieved.

As thousands of workers and hundreds of companies know, the ISP is dedicated to helping traditional manufacturers and their workers make successful transitions into new, highly competitive international marketplaces. The ISP has given true meaning to the word partnership here in Massachusetts.

Sincerely,



Michael S. Dukakis
Governor



*Product excellence and attention to
detail are helping Massachusetts
manufacturers rebuild their markets.*

The Industrial Services Program continues to meet the challenges of economic transition in Massachusetts.

Our help to companies, their managers, workers and unions continues to provide opportunities for manufacturers to see better profits and for people to find new jobs.

Flexibility and diversity have been the keys to our success. By providing an array of business, employment and training services to companies, workers and managers are able to receive the help they need to respond to their economic crises. And, because our work is with companies and workers, we have been given a unique chance to learn from both.

This report tells a story. A story of companies, workers and communities who have met the challenges they've faced and who have gone on to build a better future.

Our clients are our partners. Their voices tell our story best.

Patricia Hanratty

► When United Technologies Corp. in Chicopee closed its doors in the Spring of 1986, people across Hampden County were concerned. High precision machining had been a part of their community for decades. Throughout the Connecticut River Valley skilled machinists had made good livings for themselves and their families. Several thousand jobs had

been lost since 1980 and the closing of the old “Bosch” plant was both an economic and a psychological blow. No one was quite sure what was left of the valued machining business of Hampden County.

With these concerns in mind the Industrial Services Program and the Executive Office of Labor began working with local labor, business and community leaders to create an Industry Action Project (IAP) in machining. As with other IAPs, the goal was to bring the industry and community together to evaluate and then chart a new course for an important regional sector. Within a few months the Machine Action Project (MAP) was established. Its first task was discovering the current state of the

machining industry in the area. What MAP found surprised us all — while the major companies had been in decline, there was a thriving pool of small, high quality shops.

“When I got involved with the Machine Action Project, the biggest reason was that I saw a real shortage of skilled workers in machining. I knew that the work was there, my shop was busy and so were a lot of others. The MAP program made people aware of the shortage and now we’ll be hiring younger people, men and women. People don’t know the industry has changed, it’s not a dirty job without a future, most of these people are making way over \$11.00 an hour.” Dick Sunderland, President of D&S Inc., an



*"This training has given me the
chance to grow . . . If I want to, I
can work my way up to being
an engineer."*



Innovative training programs in the machine trades are meeting employers' labor needs and workers' needs for good paying jobs.

original member of the MAP Board, felt like a lot of machine shop owners.

Many of these shops were having a hard time finding broadly skilled machinists. Workers who had been laid-off by the large companies often worked only 1–2 machines. They couldn't step onto the floor of a 20 person shop and operate 3–4 machines. And, the supply of young people interested in the machining trades had dwindled. The machining industry was caught in an economic paradox – narrowly skilled workers were being displaced and small, flexible firms with labor shortages could not hire them.

The MAP set out to solve this problem. By bringing together the local community colleges, vocational schools, training providers, labor unions, trade associations and state and local employment and training agencies, MAP was able to create a strategic plan for skills training and upgrading and recruitment in the machining trades. New course curricula and schedules were developed; existing resources were pooled and redirected to respond to the needs of a thriving small business machining sector. Recruitment issues were evaluated and new outreach programs were put in place. In less than a year, the program began to show results. A Committee on Women in Machining was established and the first group of female trainees began classes at the Massachusetts Career Development Institute.

"I was on welfare, and I was tired of sitting at home. I got something in the mail, a flyer or something. I thought it was about time I became more independent so I looked through the booklet to find the kind of training I might want. At first, everybody told me I should be a secretary. I don't want to be a secretary. I like working with my hands. That's why

I chose tool & die making. I can't make \$16 an hour as a secretary, but in a few years as a machinist, I can."

Melva Smith is like a lot of people who like working at something they can touch and be proud of, something that lasts. She enrolled in basic machining courses at the Springfield Technical Community College, and soon went on to an advanced course in tool and die making at the Massachusetts Career Development Institute. Because of the outreach to women by the Machine Action Project, Melva will be able to support her children and afford the day care she'll need.

"I am not worrying about finding a job. This training has given me a chance to grow. The sky's the limit. If I want to, I can work my way up to being an engineer. I am bettering myself financially, but more than that, it gives me a sense of accomplishment."

The Machine Action Project works because people like Melva Smith, Dick Sunderland and Bob Forrant, Director of MAP, are willing to take chances—to be innovative and challenge the status quo. They, the MAP Board of Directors, local agencies and community leaders have decided it's time to band together

to create the future of machining in the Connecticut River Valley. Training was just their first adventure—they are now forging ahead on establishing a Technology Resource Center for the industry and are investigating the working capital needs of the 350+ machining companies in the area. With a little help from the ISP and the Executive Office of Labor, the Machine Action Project has made great strides. With MAP's help, machining will be an industry in which Massachusetts will have pride for decades to come.

*Skilled workers will always be the
foundation of the Massachusetts
economy.*



► “Our competitive edge is quality; our clothing clients demand the best and we’re able to give it to them. Quality has expanded our customer base; our ability to deliver that quality quickly is making the difference.” — In 1986 Lou Marani was in trouble. His company,

Vanessa Manufacturing, is a maker of ladies blazers. Although their work was well known they were having a hard time staying afloat. As a matter of fact, they were already in Chapter 11, a reorganization bankruptcy, and closing seemed inevitable. His union, the International Ladies Garment Workers Union (ILGWU), knew about the Industrial Services Program and suggested that Lou talk with the ISP about his business problems.

“I called and the ISP came down. I was already trying to put together a package in hopes of getting out of Chapter 11. When George (Coughlin) came on board, he helped put a financial plan together. He was my leaning post. He spent a lot of time, and he gave me confidence. Afterward, when the Judge let us out of

bankruptcy, George had helped us save 140 jobs. The ISP was more than a consultant; they were a financial savior.”

Part of that help was a loan of \$50,000 in January 1987 to help Vanessa come out of bankruptcy. After only a year, Vanessa had met all its obligations and showed a profit in FY87. The profit picture looks even stronger in FY88.

Lou Marani knows the garment business. He knew he had to find ways to stabilize the cash and production flow — a difficult job because of the seasonal nature of the business. Vanessa and Marco Clothing, a company owned by Lou’s wife, Diane, participated in an engineering study funded by the Needle Trades Action Project (NTAP), an innovative program of the ISP and the



*Pattern cutting is a skill and
an art learned through decades of
experience. From the beginning, the
quality of the garment is insured
through precision.*

Executive Office of Labor, that helps a specific regional industry become more competitive. As a result of the study, their factories were able to become more efficient. A marketing and retail

Together, company managers, union leaders, and public partners keep good manufacturing jobs and help to train people for them.



survey done by NTAP helped the companies target their marketing and search for new customers. By expanding their customer base to include specialty shops, department stores and private labels, Vanessa was able to provide orders year round since the seasons overlapped. With the help of the ISP and a product line analysis, the companies were able to determine and accept the most profitable work available.

While Vanessa was doing much better, Marco Clothing was still having difficult times. Lou Marani talked with the ISP about the problems and together we decided that the best solution for both companies was to pool resources and skilled workforces. A stronger, more diversified company with 220 workers would be created. There were two obstacles: Vanessa and Marco had different unions and additional working capital would be needed to fund high produc-

BUSINESS & FINANCIAL SERVICES

264
Companies
helped



27
EST Loans
equaling
\$6.3 million

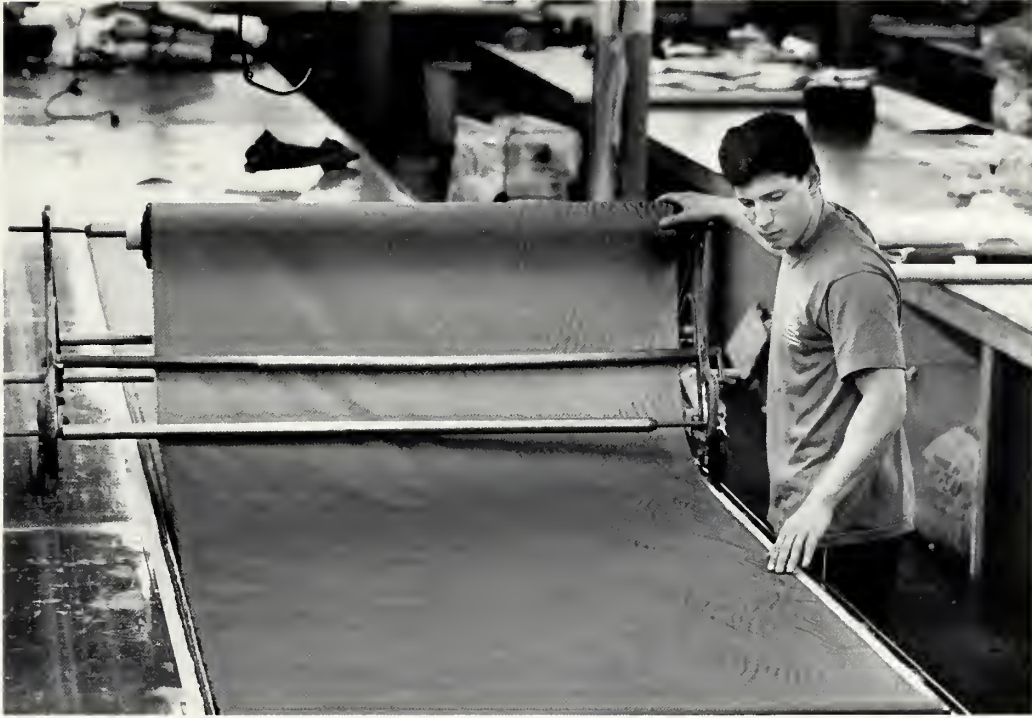


\$35.3 million
leveraged
from other
sources



15,000
jobs
saved





tion levels. With the help of Nick Rousos of the ILGWU and Mary Williams of the Amalgamated Clothing and Textile Union Workers an answer was found: create a new holding company, Marani Industries, with two subsidiaries which could share and transfer work back and forth. With an additional \$250,000 in loans from the ISP, Marani Industries came alive.

"This year, it's gone wild; business is booming and the phone is ringing off the hook. They're all looking for a blazer manufacturer. They want quality and fast turnaround. That's our edge. More and more stores want to buy much closer.

*New life for Marani Industries
means over 220 jobs in New Bedford
and a continuing tradition in the
needle trades.*

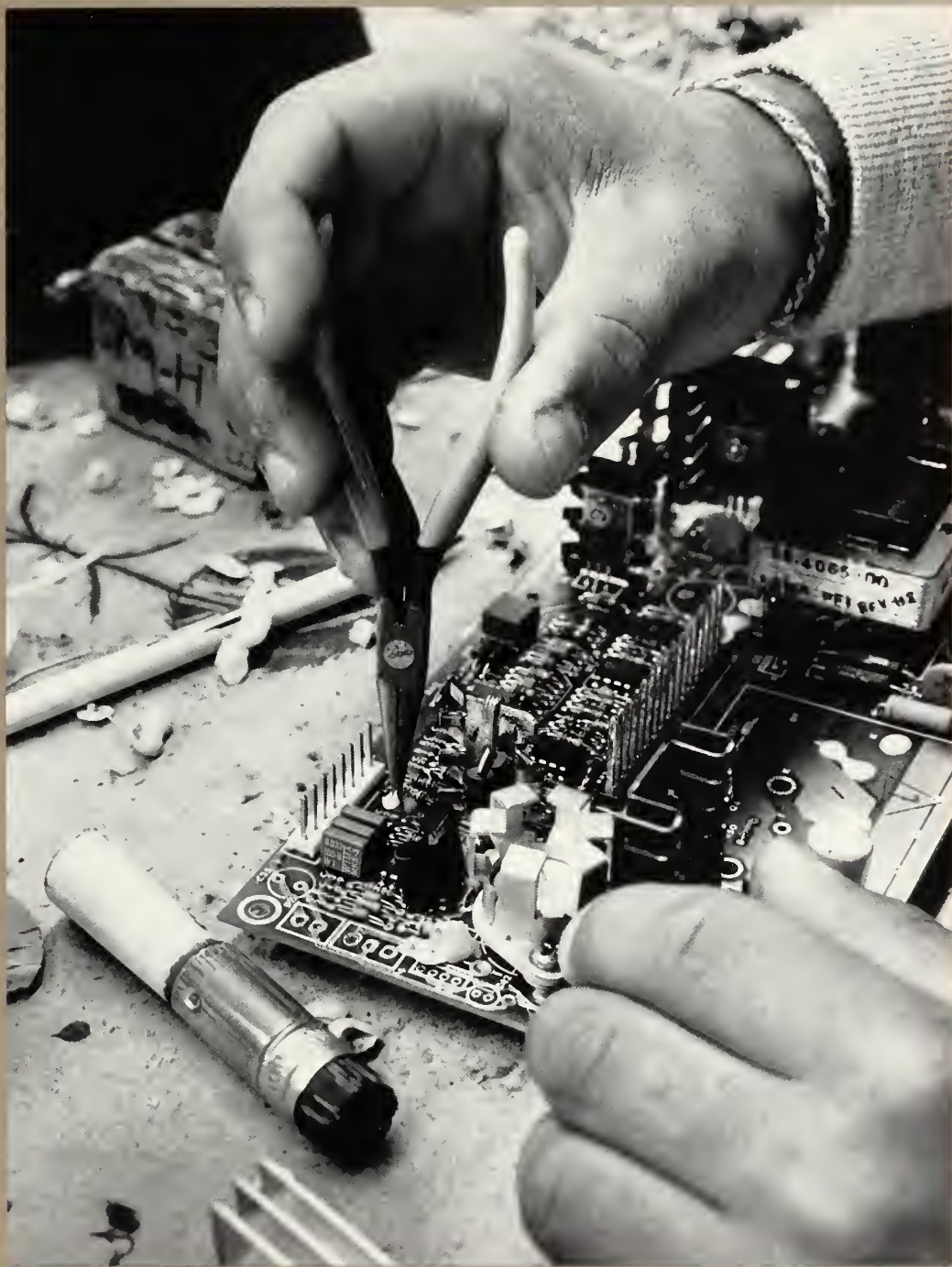
Now that they're coming back from offshore operations, they're finding that their old suppliers have gone out of business. The cheaper foreign goods were fine for quick profit, but that's blown up in their face. Now everyone wants quality, and we've got it."

► “We’re proud that our product is recognized nationally as being top quality. We want that excellence to extend to how we do business. Help from the Industrial Services Program has allowed us to continue to employ over 150 people. It’s the same commitment to excellence that we have. It’s really made the difference.”

When Les Hammer and his partners George Mismas and Elemer Nyarady bought Preferred Electronics, they had a vision of just what kind of company they wanted. Though Preferred had found itself in financial trouble, the power supply instruments they produced were an industry standard. With the help of the ISP they knew the losses could be turned around. Putting their business and marketing plans and records in order were the first challenges facing Preferred’s new owners. Finding ways to finance increased production levels was their next concern. With a \$350,000 loan

from the Industrial Services Program which leveraged \$1.5 million in private investment, Les Hammer and his partners were able to turn the company around. In 1988, with increased sales and profits of \$400,000, Preferred Electronics is back on the road to success.

“We have a diverse workforce here and a clean, quality environment. We really care about our workers, just the same way they care about the quality of what we make. It’s hard work, but our turnaround means that kind of dedication to excellence. That’s our secret.”



*A commitment to excellence creates
new industry standards.*

► “I went to the Workers Assistance Center immediately after I was laid-off. It was an opportunity for me to turn the situation around. I was glad that there were people that I knew. Other companies might have said ‘see you later’ and another union might have given you lip service, but it felt good to know that they were really doing the most to help us find work.”

Mark Legere worked in the stockroom at General Electric. Like many workers on the North Shore he had waited over a year for a place at “The G.E.” For several years G.E. had been providing growing numbers of skilled jobs that paid well and provided stability. When Mark started at G.E. in 1986, he hoped to enter the apprenticeship program. Unfortunately, General Electric realized late that year that the steam turbine business had to be reorganized and reduced in size significantly and newer workers, like Mark, would lose their jobs.

But, G.E. didn't leave Mark Legere or his co-workers on their own. Instead, managers sat down with their union, International Union of Electrical Workers Local 201, and said they wanted to help.



General Electric was providing more than six months notice of the layoffs. The company and Local 201 turned to the Industrial Services Program for help.

When Local 201 and G.E. met with the Industrial Services Program to discuss setting up a Worker Assistance Center, they brought a new challenge. Like other ISP Centers they'd heard about, they wanted to have workers from the plant involved. But they also had a new idea—

to form a non-profit organization, a partnership between the union and the management, to operate the Center.

The Center would have a Board of Directors which would appoint co-directors and oversee the Center's operations. G.E. would provide funds and equipment. Local 201 would provide outreach through its newsletter and help in identifying staff. The ISP agreed to fund the Center and provide help to get it running with workers from other ISP Centers.

On July 7, 1987, Governor Michael S. Dukakis officially opened the Center. With \$700,000 of ISP funds, \$1.2 million of G.E. resources and a \$500,000 Federal grant the Center was prepared to help the several thousand G.E. workers it would see over the next 2 years.

Joe Shea, a former G.E. manager, and John McGuire, union leader and former G.E. inspector, were named co-directors. Together, they charted new ground for Local 201 and the company. Rather than assuming traditional labor/management

roles on opposite sides of the negotiating table, John and Joe are partners in a joint venture—helping G.E. workers find new careers. Their determination to make the Center a true partnership has led to its success. They've hired a top notch staff and keep laid-off workers like Mark at the top of everyone's priority list.

Mark was placed in training for computer programming. "I was glad that Sue (Holler) was at the Center (on staff). I knew that she felt the same way I did about losing a job. I probably wouldn't have gone on to career training school on my own. A week after I finished I started a new job and without the training, I might still be collecting (unemployment insurance)."

As Mark has found, the Center and its labor/management partnership works. In its first year, the GE/IUE Worker Assistance Center enrolled over 1100 laid-off workers and placed nearly 500 people in new jobs that retained 90 percent of

WORKERS ASSISTANCE CENTER ACTIVITY (Since July 1984)

26,636

Participants
enrolled



78%

Placement
rate



\$7.79

Average
Placement
Wage



(92% of their previous wage)

57

Workers
Assistance
Centers



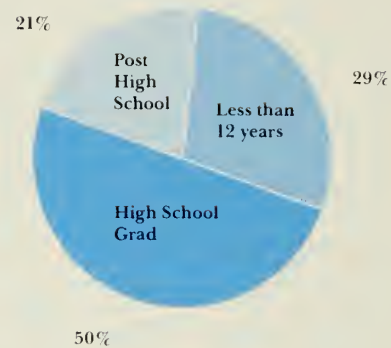
the wage they were making at G.E. Of the rest, some are still in training while others are continuing to receive job search help. The Center staff helped with job search workshops, skills training and advice on which jobs held a future for the area. Many, like Mark, chose technical training.

"I knew a couple of guys who were skeptical about the Worker Assistance Center . . . but I know that I would never have had the kind of opportunity the Center gave me."

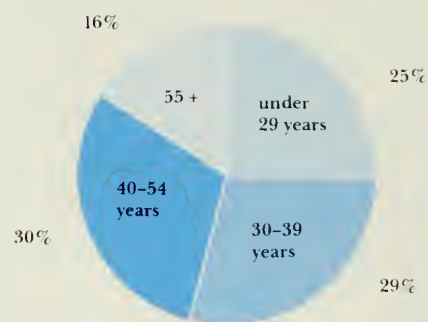
The staff of the Industrial Services Program.



EDUCATIONAL LEVEL OF WORKERS



AGE OF WORKERS





INDUSTRIAL SERVICES PROGRAM

One Ashburton Place, Room 1413
Boston, Massachusetts 02108

ECONOMIC STABILIZATION TRUST BOARD OF TRUSTEES

Membership, July 1, 1987

Paul J. Eustace, *Chair*
Secretary, Executive Office of Labor

Joseph D. Alviani, *Vice Chair*
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Alex Aikens,
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Membership, July 1, 1987

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Vice President, International Ladies Garment Workers

Lynn Browne,
Vice President and Economist, Federal Reserve Bank of Boston

George Carpenter,
International Representative, International Union of Electrical Workers

Edward Dugger, III,
President, Urban National Corporation

Charles Housen,
President, Erving Paper Mills

Michael Lanava,
Executive Director, Fitchburg Industrial Development Commission



October 1, 1989



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I am proud to present the Industrial Services Program 1989 Annual Report.

Sincerely,

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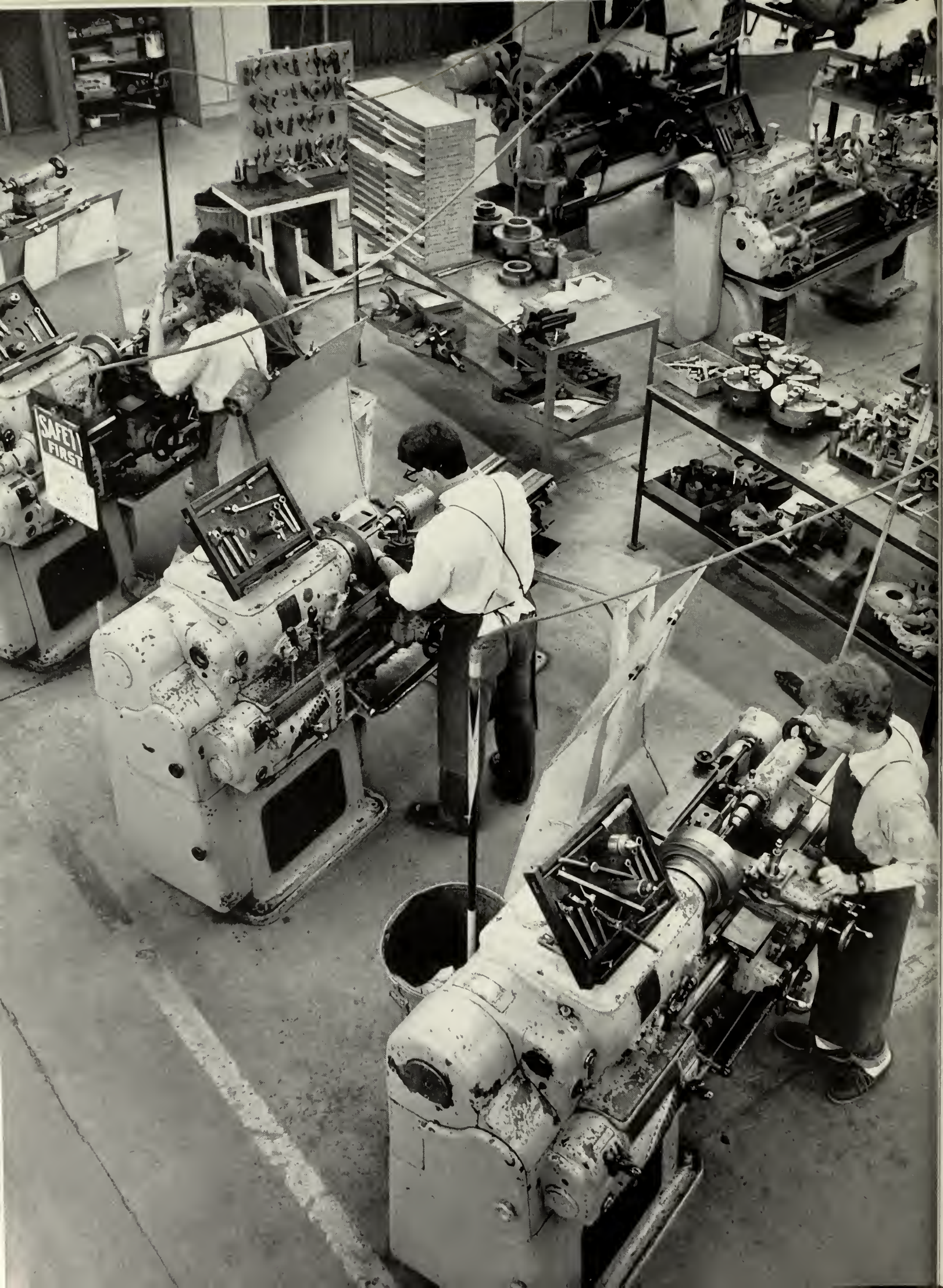
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The ISP has created opportunities for individuals to have a better future for themselves and their families, opportunity for companies to stay competitive and opportunities for industries to meet the challenges of a global economy.

The resources that we are able to provide come from a variety of sources: unions, companies, the people of the Commonwealth and the Federal government. But of those resources, the most valuable are the people who are our front line partners in change. It is their success which this report celebrates.

Patricia Hanratty



In 1985 the Industrial Services Program joined forces with the Executive Office of Labor to find a way to address the needs of major regional industries that were facing tough challenges. Weary of going to plant closings, it was time to create some preventative measures to help stabilize manufacturing industries throughout the Commonwealth.

The result was the creation of the Industry Action Projects (IAPs).

By focusing on traditional manufacturing industries, economic stabilization and job retention, and empowering local boards to design and implement solutions with limited seed money from the Commonwealth, the IAPs turn traditional economic development models on their heads.

In October 1988 the IAPs received the 1988 Ford Foundations/Kennedy School of Government Innovations in State and Local Government Award which was established in 1985 to honor imaginative solutions to pressing social and economic problems.

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STORY, NOT ONLY ABOUT MACHINES AND
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SISTER KATHLEEN HARRINGTON

The Needle Trades Action Project is a story, not only about machines and factories, but about a community and its industry. Although it is a short story, so far . . . it is rich in commitment, competence, hard work, humor, differences and diversity. In fact, we liken it to a multi-colored thread, that when woven, produces a fabric of the finest quality."

Sister Kathleen Harrington, former Chair Person of NTAP remembers when there was a good deal of conflict: company vs. company, company vs. union and even union vs. union.

Carlos Visinho, of the Amalgamated Clothing & Textile Workers Union, knew that atmosphere all too well.

"Before NTAP came in it was like a war between management and labor. Now, instead of fighting, we can sit down and argue, get our points across and try to resolve the problems. NTAP has helped us train new people and bring in new technology."

In Fall River and New Bedford, longtime centers of the needle trades, the only constant seemed to be change. Foreign competition had taken its toll, and there was constant change in retailing, engineering, production, skill levels and demand.

The needle trades continues to be important in Southeastern Massachusetts, for one in ten workers is in sewn goods.

Carl Bonefide, Vice President of Ramco-Fabrics, a leading manufacturer of household sewn goods, has worked along with Sister Kathleen and NTAP to establish an on-site child care center that serves workers at Ramco and other nearby factories.

"We've built a lot in the last few years. From a scattered collection of fiercely competitive firms, to an attitude of shared concerns. Child care is a perfect example. We're competing with other industries for workers; it gives us the competitive edge in attracting and keeping our workforce."



"THERE WAS A GROWING CONCERN AMONG SHOP OWNERS ABOUT A SHORTAGE OF LABOR. THERE WAS A MISMATCH. HUNDREDS OF MACHINISTS THROWN OUT OF WORK, AND LOTS OF JOBS GOING UNFILLED. THAT WAS MAP'S FIRST CHALLENGE."

BOB FORRANT



In Springfield, a major center of metalworking and machining, changes were taking place quickly. Several thousand jobs had been lost since 1980 in this high precision industry. Seeing this, the ISP and EOL began working with local labor, business and community leaders. The goal: bring the industry and the community together to evaluate and chart a new course for machining. The first task: discover the current state of the industry. What was found was a surprise.

"While we had lost the major companies and they continued to be in decline, there was a thriving pool of small, high quality shops, and their number was growing. And, there was a growing concern among shop owners about a shortage of labor! There was a mismatch. Hundreds of machinists thrown out of work, and lots of jobs going unfilled. That was MAP's first challenge." Bob Forrant, formerly business agent for Local 206 of the International Union of Electrical Workers, is the director of the Machine Action Project.

MAP also saw a solution. By bringing together the local community college, vocational schools, training providers, labor unions and trade associations, MAP created a strategic plan for skills training, and recruitment. New courses and schedules were developed, existing resources were pooled and new outreach programs were put into place. In less than a year, MAP had made a difference. A committee on Women in Machining was formed and the first group of female trainees began classes at the Massachusetts Career Development Institute.

The Industry Action Project takes its direction from the private sector and depends upon it for long term support. It is with that continued help that the IAPs will help insure a brighter future for business owners and working men and women in our invaluable mature industries.

Most people, when a layoff is coming, don't believe that it's going to happen. They feel a miracle will happen and the company will be saved. You've got to point out the reality, and that's hard."

Barbara Gillette knows that reality all too well. In 1984, the Revere Sugar Company in Charlestown decided to close its doors for good. Barbara, who had worked there since 1964, was facing the crisis she now helps others face—losing a job.

"Eddie Bartkiewicz, then president of our Local Union, called everyone the evening that we found out the plant was closing. He wanted to make sure that we got the best help available."

Barbara and Eddie quickly learned that the ISP would help. A Worker Assistance Center at Bunker Hill Community College was quickly created. Barbara had lived in Charlestown all her life, knew the community, and had a real knack in talking with people.

"If someone says to me, for example, 'I have no problems,' and can't make eye contact with me, I worry. Many times people don't talk to their families. The Center is a place where it's okay to talk about it. The

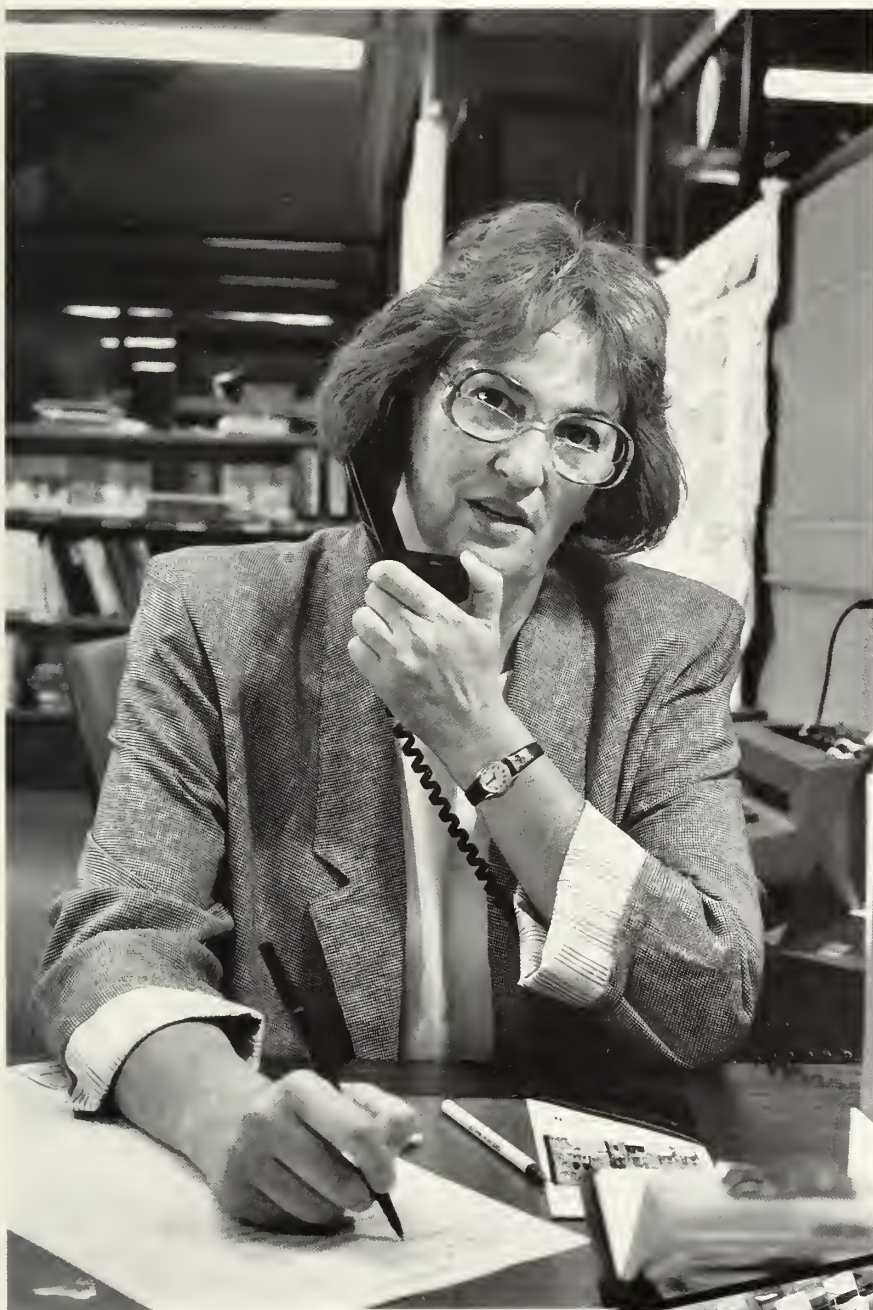
workers think that they're cement blocks that shouldn't break, but many are breaking inside. That's why the Center is so important. They've lost a lot when they've lost a job: friends, social contacts, an extended family. It's like the loss of a family member. The pain will leave, but it will take time, and the memories will stay."

Barbara has counseled hundreds of laid off workers and dozens of companies that needed to let people go.

"Being able to listen is very important. I was working with a man who called me up on the phone and was very upset. He told me, 'I've just lost my job, my wife has left me and taken the kids. It was on Valentine's Day, and he said he had been thinking about hurting himself. I told him, 'Don't you dare commit suicide until you get in here and give me my Valentine's Day present.' He didn't want to hurt himself, he wanted someone to talk to."

PROFILE OF WORKERS HELPED: AGE





"THE BEST THING ABOUT THIS JOB IS SEEING
THE CHANGES. THE MOST THRILLING THING
FOR ME IS WHEN SOMEONE COMES TO THE
PROGRAM NOT KNOWING HOW TO READ OR
WRITE, AND THEN MONTHS LATER SENDS
A LITTLE NOTE THANKING US. YOU SEE THE
LOOKS ON THEIR FACES WHEN THEY'VE
FINISHED THAT TRAINING OR FOUND THAT
JOB. THE KEY TO WHAT I DO IS LETTING
PEOPLE KNOW I'VE EXPERIENCED IT."

BARBARA GILLETTE



Tom Climo worked for Amstar's Domino Sugar Plant in Charlestown for 39 years. As business agent for International Longshoreman's Association Local 1660, Tom had heard the rumors of closing. He also saw the first hand evidence and tried to get the company to let the workers in on what their plans were. He knew that the ISP could help. Program manager Janet Boguslaw began working with Tom to make sure that the workers were aware of what help was available.

Working together with Janet, I negotiated some seed money from the company. Within two weeks, a Domino Sugar Workers Assistance Center was set up a block from the company. Staffed with people like Tom from the company, it was able to help people find training they needed to get good jobs.

"The Worker Assistance Center being so close made it attractive, like going to work. The reaction to a layoff from a guy who's worked 20 years is very different from a guy who's worked a year. The one year guy, he doesn't feel like he's giving up as much. There's a lot more with

long term employees. He may feel he's lost a lot. He's established friendships and relationships that are deepened through time. He's going to miss people he confides in about personal and job problems. They're family and they're going to be missed. In most cases, the feeling of closeness will dissipate unless people are in the same neighborhood."


The Domino Workers Assistance Center provided the opportunity for many of the workers to explore totally different career paths. They described it as being similar to a union hall, a place to go, a place where they were special.

"Some of them asked me for the address of the manager who had closed the plant. After they had received new training and were in totally different kinds of jobs, sometimes making more money than they did on the production line—they wanted to thank him."

WORKER ASSISTANCE CENTER ACTIVITY (SINCE 1984)



31,199
PARTICIPANTS
ENROLLED



79%
PLACEMENT
RATE



\$9.48
AVERAGE
PLACEMENT
WAGE



92%
OF WAGE
RETAINED



67
WORKER
ASSISTANCE
CENTERS



"THE CENTER WAS LIKE THE UNION HALL,
SOME PLACE TO GO. IT WAS IMPORTANT
THAT THEY REALIZED THAT THEY WEREN'T
GOING TO BE ABANDONED OR THROWN IN
THE UNEMPLOYMENT OFFICE WITH A MASS
OF UNEMPLOYED PEOPLE. THEY WERE
SHOWN THAT THEY WERE SOMETHING
SPECIAL."

TOM CLIMO



"My plant closed and I was president of the union. I was home on a Monday when I got a letter from the company with three lines. 'Plant is closed, making arrangements for you to pick up your last weeks pay.' That was it. I was dumbfounded. I knew things were bad, but they had just told me that things were better. Norm Jefferson had worked for 32 years at Harrington & Richardson Arms, a gun manufacturer in Gardner.

Four months before they would close their door for good, Norm got a call from Joe Mello of the Massachusetts AFL-CIO Dislocated Workers Program who told him about the ISP and how working together a Worker Assistance Center could be created for the Harrington & Richardson workers. Weekly meetings were held to inform people of the programs available. Help was provided to people who were having trouble with fuel bills and feeding their families.

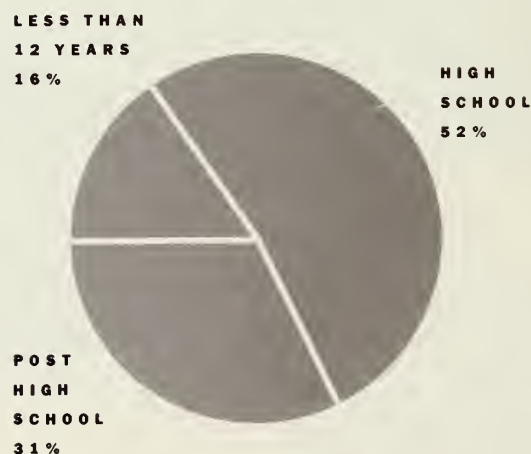
"The unions, and especially with the help of Dick LeBlanc, solicited from the locals donated money for the food bank, Pat Hanratty & Suzi Teegarden came out and worked with us at one of the food banks, distributing to over 200 people at one time. Everyone thought it was great that Pat and Suzi would come out and work along side us. It really shows what this program is all about."

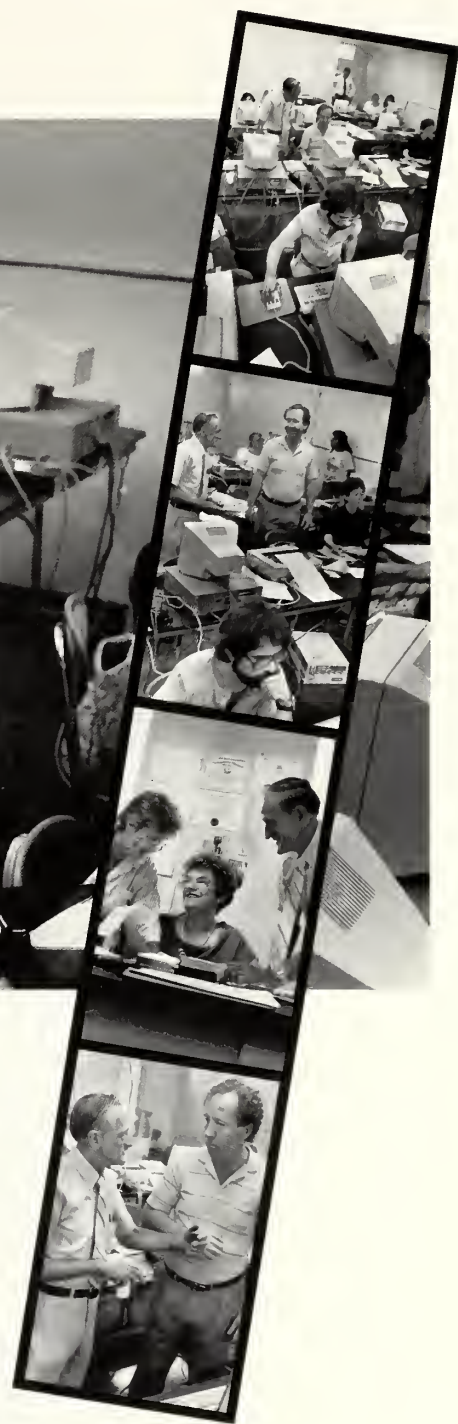
Norm is now Field Manager for the Montachusett Worker Assistance Center, coordinating the setting up of training programs.

"Over a period of four years I've seen lots of families affected by the loss of pay. People are really concerned about being able to pay their bills and worried about how long it will be before they're working again. We run into cases where the people really needed training, but the family could not survive for the 6 to 9 months that it would take. So sometimes people take any job just to be working.

You've got to build a trust with people so they feel able to tell you about their problems. Maybe its because I'm an old man that they all call me. They like the fact that I'll listen and I know who to call to get the services they need.

PROFILE OF WORKERS HELPED: EDUCATIONAL LEVEL





"ONE OF THE TOOLS I USE IS TO TALK ABOUT

MYSELF, NOT EVEN HAVING MY HIGH

SCHOOL DIPLOMA AND THAT WAS SOME-

THING I ALWAYS WANTED. I TELL THEM

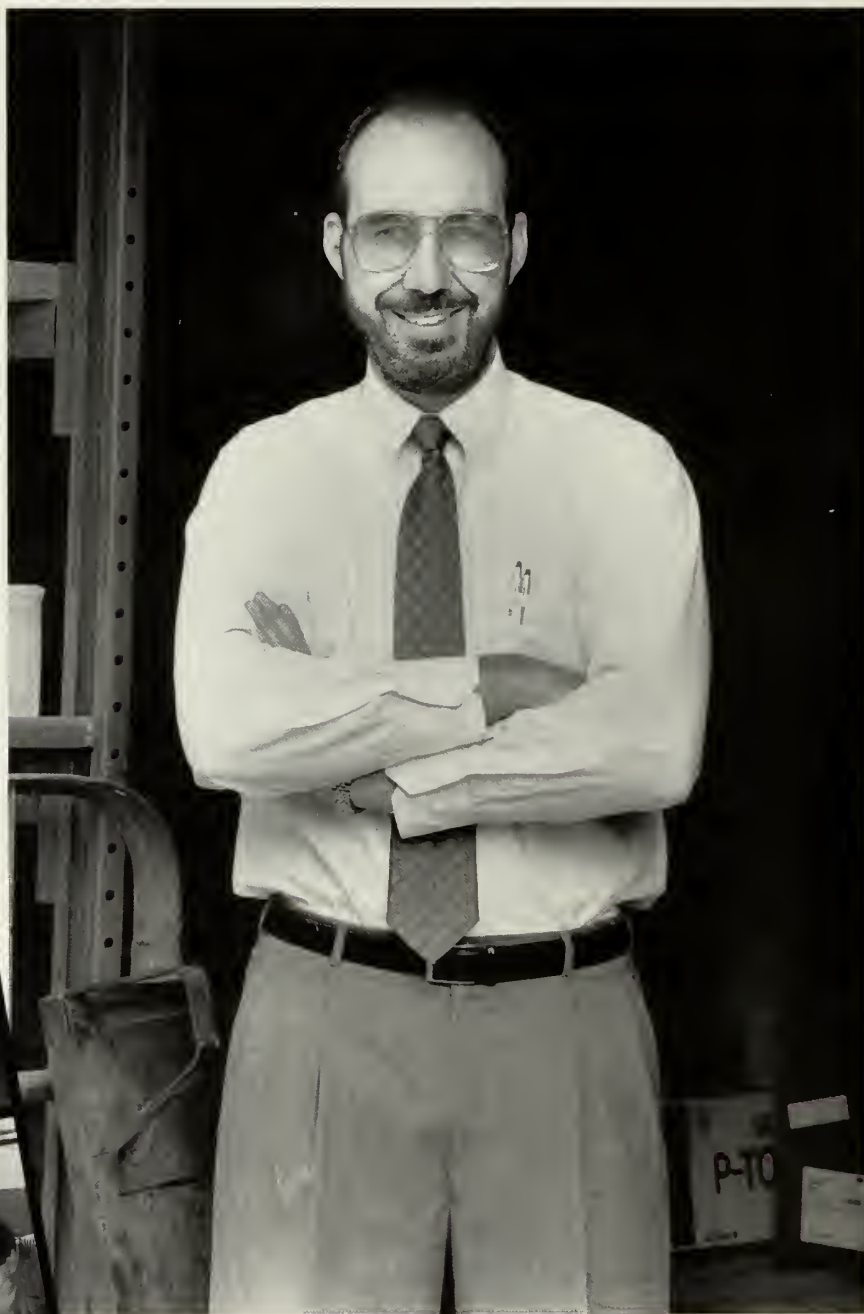
THAT IF I CAN DO IT THEY CAN DO IT.

PEOPLE HAVE GOT TO KNOW THAT YOU'RE

WORKING WITH THEM. THERE'S NO MAGIC

INVOLVED."

NORMAN JEFFERSON



"THE FUTURE LOOKS PRETTY GOOD.

THE INDUSTRIAL SERVICES PROGRAM

GAVE ME MORE THAN ANOTHER CHANCE,

THEY GAVE ME CONFIDENCE."

RON HEYWOOD

The bank was putting on pressure, the ISP came in and took a look at how we were doing. There was a cash flow crunch. The bank wanted to close us down. The ISP was instrumental in fending that off. Through the summer of 1987 it was like 'hold your breath!'"

Sterling Press has been in business in Westfield for 55 years. Ron Heywood and a partner, both long term employees, purchased the company in 1984. A year later, Ron bought out his partner. But by 1986, due to the loss of experienced sales personnel and the two buy-outs, the company was seeing its second year of losses. This aggravated an already strained relationship with the bank.

"If the ISP hadn't come along, then Sterling Press would have gone out of business in 1987. The bank just wouldn't have waited. We have a workforce of forty. But it's not just forty jobs and forty lives, it's also forty families. You have to take that into consideration. In an

area like Westfield, where many businesses have closed, it makes a difference when one company stays alive."

Sterling Press has continued its turnaround and a loan from the EST allowed it to pay off some standing debts and return to profitability in 1988.

After losing for three years, we made a profit. Ed Hitchcock, my consultant from the ISP, sees me on a monthly basis. He has helped me write a business plan and gives me input on how to stick to it. The future looks pretty good. The ISP gave me more than another chance, they gave me confidence. They were able to come in and say, 'This company is going to survive and this is why.' The bank went along with it because the ISP was there to say come along with us."

"HELPING COMPANIES WHO ARE
GOING THROUGH A CHANGE, OR A
CRISIS, IS A REAL HELPING HAND."

EAMONN MCDONNELL



"It's not just about saving these industries, that's important, but it's about saving better jobs, and providing opportunity for people in those jobs."

In 1941, New England Carbide Tool Company was formed as a producer of cutting tools and wear parts. At that time, the tools were manufactured from steel, tungsten carbide, boron carbide and natural diamonds. In 1946, the company developed a masonry bit that became the industry standard for many years.

The company, located in Peabody, prospered through several changes of ownership when in 1988 it was again up for sale. A strong offer came from a German company whose plans included moving the plants operations out of state.

Eamonn McDonnell, a manufacturing engineer, who had worked in the company for twenty-two years, wanted to keep the company in Massachusetts.

"I wanted to find a way to buy the business myself. The bank would only go so far, and I had leveraged all of my own assets. With that, we still had a shortfall. Deborah Gaines, my loan officer at Shawmut Bank, told me about the ISP. With the help of Joe Griffis, our ISP consultant, we were able to work out a small loan which was the critical part of the deal. Without it, we would not have been able to do it. In that sense, it was the most important part.

The ISP is important, not just for business and industry, but for the people that make up that business or industry. For us it's thirty jobs, but these are good jobs. Sometimes in large corporations the profits are pulled out, away from the people who help create them. My long term goal is to share those profits with my workers. Without a doubt it is a partnership, a team, like working with the ISP. They bent over backwards and were as interested in doing the deal as I was. Helping companies who are going through a change, or a crisis, is a real helping hand. If some of us can do well along the way, maybe industry can do more for the ISP."

BUSINESS AND FINANCIAL SERVICES (SINCE 1985)



324
COMPANIES
HELPED



33 EST LOANS
EQUALING
\$7.26 MILLION



\$56.9 MILLION
LEVERAGED
FROM OTHER
SOURCES



20,122
JOBS
AFFECTED

"THE PEOPLE THAT MAKE UP THE INDUSTRIAL SERVICES PROGRAM HAVE THE SAME QUALITIES THAT I VALUE SO HIGHLY IN THE PEOPLE WHO WORK WITH ME AT MICRO. A GENUINE CONCERN, A DIRECT AND INTELLIGENT APPROACH, AND A DEDICATION TO PLAIN HARD WORK. TO ME THOSE ARE THE ELEMENTS OF THE PARTNERSHIP THAT HAS MEANT SO MUCH TO OUR WORKERS AND THEIR FAMILIES."

LIZ CONRAD



"In January of 1988, I wrote a letter to Governor Dukakis. I told him about my parents' company, a company that produces a high precision product and employs very skilled craftspeople in a variety of quality jobs, and I told the Governor we needed help."

When Micro Corporation opened its doors in 1961, it was on the cutting edge of a new concept for producing molds for the growing rubber and plastics industry. Soon, the technology developed at Micro was an industry standard, producing complex double and triple lipped seals. Continued concentration on quality and precision gained a firm spot in the marketplace for Micro Corporation.

Lloyd Farson began working at the company as an unskilled trainee and he remembers those early days when the future held nothing but promise, "Back then, we knew we were able to compete. We were ahead of the competition by far and there was no way to go but up."

As the company grew, it provided high wage jobs in a highly competitive business, but that wouldn't last forever. Soon, cash flow problems and a drop off in sales threatened to close Micro. When Liz Conrad, general manager of Micro, contacted the Governor she hoped he could help.

Within days, the ISP was taking a look at just how the company could get back into the black. Frank Porter, an ISP consultant, found that the product was as good as ever, the workers highly skilled and motivated, and the engineers and designers first rate.

Together, Micro and the ISP developed a turn around strategy that would bring the company back. Cash flow problems could be eased with a loan from the Economic Stabilization Trust. Independent sales representatives could be brought on board to expand their customer base and the recently formed Central Massachusetts Metalworking Partnership, an Industry Action Project, could continue to provide Micro with information and resources to keep it producing the highest quality molds.

INDUSTRIAL SERVICES PROGRAM STAFF



Top Row (from left to right): Breck Balmos, Stacey Moran, Diane White, Kim Williams, Joe Griffis, Frank Porter, Ed Hitchcock. Third Row: Amy Rasimas, Suzanne Teegarden, Jennifer Firestone, Elizabeth Prins. Second Row: Christopher Donohue, Barbara Baran, Lionel Romain, Gregg McCutcheon. First Row: Vathana Chea, June Sekera, Molly Leong, Ed Bartkiewicz, Patricia Hanratty. Missing: Pat Collyer, Steve Raymond.

DESIGN: FLANDERS AND ASSOCIATES
PHOTOGRAPHY: PETER VANDERMARK
COPYWRITING: CHRISTOPHER DONOHUE



INDUSTRIAL SERVICES PROGRAM
ONE ASHBURTON PLACE, ROOM 1413
BOSTON, MASSACHUSETTS 02108

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ALOEN RAINE, VICE CHAIR
SECRETARY, EXECUTIVE OFFICE OF
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CLIFFORD CARLSON, TREASURER
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BRISTOL COUNTY, N. A.

CAROL HILLMAN
SENIOR CONSULTANT
NORTON COMPANY

ROBERT BAKER
SENIOR VICE PRESIDENT
EASTERN BANK

1/3. IS2 1/1989

I N D U S T R I A L S E R V I C E S P R O G R A M 1 9 8 9



" I N N O V A T I V E P A R T N E R S I N C H A N G E "

October 1, 1989



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Carlos Visinho, of the Amalgamated Clothing & Textile Workers Union, knew that atmosphere all too well.

"Before NTAP came in it was like a war between management and labor. Now, instead of fighting, we can sit down and argue, get our points across and try to resolve the problems. NTAP has helped us train new people and bring in new technology."

In Fall River and New Bedford, longtime centers of the needle trades, the only constant seemed to be change. Foreign competition had taken its toll, and there was constant change in retailing, engineering, production, skill levels and demand.

The needle trades continues to be important in Southeastern Massachusetts, for one in ten workers is in sewn goods.

Carl Bonafide, Vice President of Ramco-Fabrics, a leading manufacturer of household sewn goods, has worked along with Sister Kathleen and NTAP to establish an on-site child care center that serves workers at Ramco and other nearby factories.

"We've built a lot in the last few years. From a scattered collection of fiercely competitive firms, to an attitude of shared concerns. Child care is a perfect example. We're competing with other industries for workers; it gives us the competitive edge in attracting and keeping our workforce."



"THERE WAS A GROWING CONCERN AMONG SHOP OWNERS ABOUT A SHORTAGE OF LABOR. THERE WAS A MISMATCH. HUNDREDS OF MACHINISTS THROWN OUT OF WORK, AND LOTS OF JOBS GOING UNFILLED. THAT WAS MAP'S FIRST CHALLENGE."

BOB FORRANT



In Springfield, a major center of metalworking and machining, changes were taking place quickly. Several thousand jobs had been lost since 1980 in this high precision industry. Seeing this, the ISP and EOL began working with local labor, business and community leaders. The goal: bring the industry and the community together to evaluate and chart a new course for machining. The first task: discover the current state of the industry. What was found was a surprise.

"While we had lost the major companies and they continued to be in decline, there was a thriving pool of small, high quality shops, and their number was growing. And, there was a growing concern among shop owners about a shortage of labor! There was a mismatch. Hundreds of machinists thrown out of work, and lots of jobs going unfilled. That was MAP's first challenge." Bob Forrant, formerly business agent for Local 206 of the International Union of Electrical Workers, is the director of the Machine Action Project.

MAP also saw a solution. By bringing together the local community college, vocational schools, training providers, labor unions and trade associations, MAP created a strategic plan for skills training, and recruitment. New courses and schedules were developed, existing resources were pooled and new outreach programs were put into place. In less than a year, MAP had made a difference. A committee on Women in Machining was formed and the first group of female trainees began classes at the Massachusetts Career Development Institute.

The Industry Action Project takes its direction from the private sector and depends upon it for long term support. It is with that continued help that the IAPs will help insure a brighter future for business owners and working men and women in our invaluable mature industries.

Most people, when a layoff is coming, don't believe that it's going to happen. They feel a miracle will happen and the company will be saved. You've got to point out the reality, and that's hard."

Barbara Gillette knows that reality all too well. In 1984, the Revere Sugar Company in Charlestown decided to close its doors for good. Barbara, who had worked there since 1964, was facing the crisis she now helps others face—losing a job.

"Eddie Bartkiewicz, then president of our Local Union, called everyone the evening that we found out the plant was closing. He wanted to make sure that we got the best help available."

Barbara and Eddie quickly learned that the ISP would help. A Worker Assistance Center at Bunker Hill Community College was quickly created. Barbara had lived in Charlestown all her life, knew the community, and had a real knack in talking with people.

"If someone says to me, for example, 'I have no problems,' and can't make eye contact with me, I worry. Many times people don't talk to their families. The Center is a place where it's okay to talk about it. The

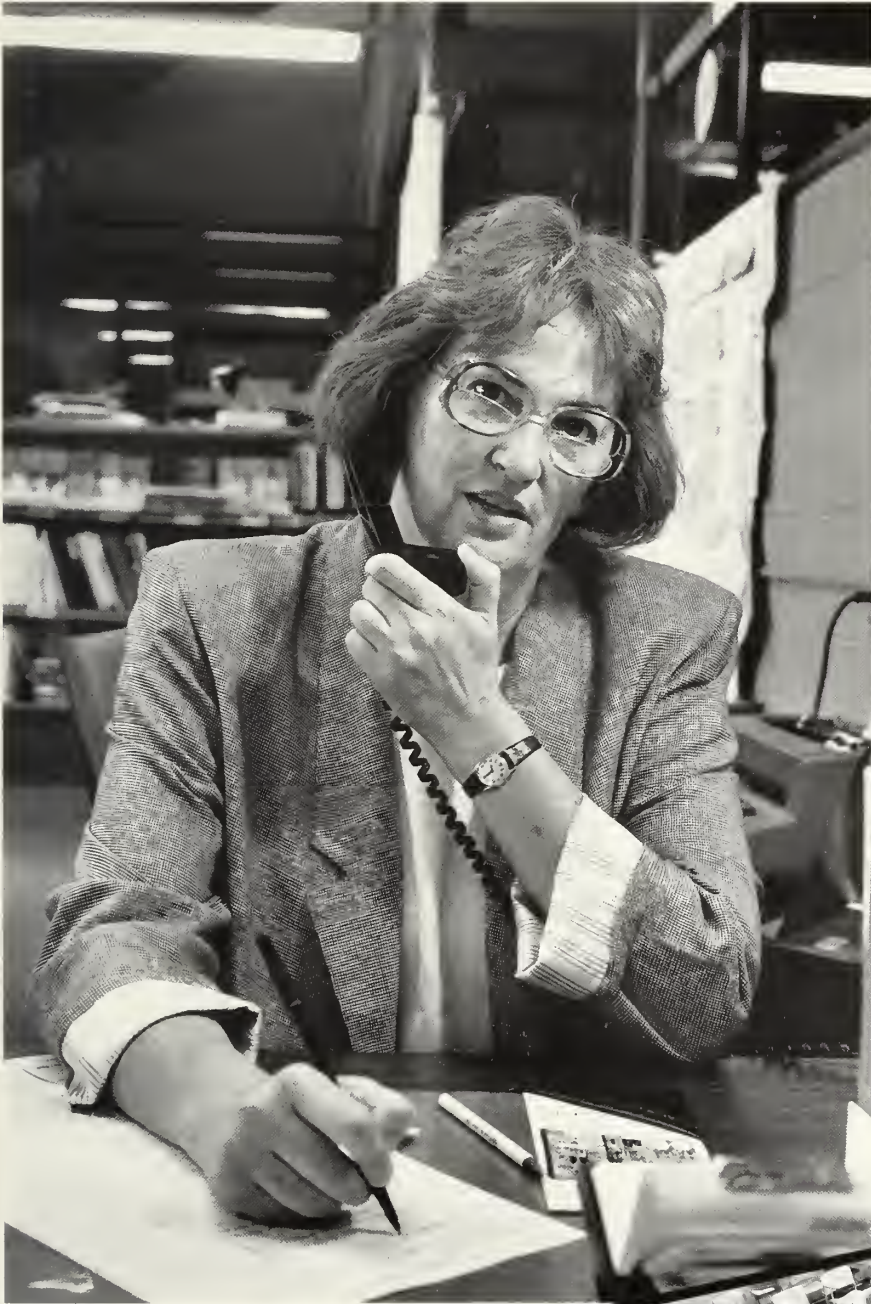
workers think that they're cement blocks that shouldn't break, but many are breaking inside. That's why the Center is so important. They've lost a lot when they've lost a job: friends, social contacts, an extended family. It's like the loss of a family member. The pain will leave, but it will take time, and the memories will stay."

Barbara has counseled hundreds of laid off workers and dozens of companies that needed to let people go.

"Being able to listen is very important. I was working with a man who called me up on the phone and was very upset. He told me, 'I've just lost my job, my wife has left me and taken the kids. It was on Valentine's Day, and he said he had been thinking about hurting himself. I told him, 'Don't you dare commit suicide until you get in here and give me my Valentine's Day present.' He didn't want to hurt himself, he wanted someone to talk to."

PROFILE OF WORKERS HELPED: AGE





"THE BEST THING ABOUT THIS JOB IS SEEING
THE CHANGES. THE MOST THRILLING THING
FOR ME IS WHEN SOMEONE COMES TO THE
PROGRAM NOT KNOWING HOW TO READ OR
WRITE, AND THEN MONTHS LATER SENDS
A LITTLE NOTE THANKING US. YOU SEE THE
LOOKS ON THEIR FACES WHEN THEY'VE
FINISHED THAT TRAINING OR FOUND THAT
JOB. THE KEY TO WHAT I DO IS LETTING
PEOPLE KNOW I'VE EXPERIENCED IT."

BARBARA GILLETTE



Tom Climo worked for Amstar's Domino Sugar Plant in Charlestown for 39 years. As business agent for International Longshoreman's Association Local 1660, Tom had heard the rumors of closing. He also saw the first hand evidence and tried to get the company to let the workers in on what their plans were. He knew that the ISP could help. Program manager Janet Boguslaw began working with Tom to make sure that the workers were aware of what help was available.

Working together with Janet, I negotiated some seed money from the company. Within two weeks, a Domino Sugar Workers Assistance Center was set up a block from the company. Staffed with people like Tom from the company, it was able to help people find training they needed to get good jobs.


"The Worker Assistance Center being so close made it attractive, like going to work. The reaction to a layoff from a guy who's worked 20 years is very different from a guy who's worked a year. The one year guy, he doesn't feel like he's giving up as much. There's a lot more with

long term employees. He may feel he's lost a lot. He's established friendships and relationships that are deepened through time. He's going to miss people he confides in about personal and job problems. They're family and they're going to be missed. In most cases, the feeling of closeness will dissipate unless people are in the same neighborhood."

The Domino Workers Assistance Center provided the opportunity for many of the workers to explore totally different career paths. They described it as being similar to a union hall, a place to go, a place where they were special.

"Some of them asked me for the address of the manager who had closed the plant. After they had received new training and were in totally different kinds of jobs, sometimes making more money than they did on the production line—they wanted to thank him."

WORKER ASSISTANCE CENTER ACTIVITY (SINCE 1984)



31,199
PARTICIPANTS
ENROLLED



79 %
PLACEMENT
RATE



\$9.48
AVERAGE
PLACEMENT
WAGE



92 %
OF WAGE
RETAINED



67
WORKER
ASSISTANCE
CENTERS



"THE CENTER WAS LIKE THE UNION HALL,
SOME PLACE TO GO. IT WAS IMPORTANT
THAT THEY REALIZED THAT THEY WEREN'T
GOING TO BE ABANDONED OR THROWN IN
THE UNEMPLOYMENT OFFICE WITH A MASS
OF UNEMPLOYED PEOPLE. THEY WERE
SHOWN THAT THEY WERE SOMETHING
SPECIAL."

TOM CLIMO



My plant closed and I was president of the union. I was home on a Monday when I got a letter from the company with three lines. 'Plant is closed, making arrangements for you to pick up your last weeks pay.' That was it. I was dumbfounded. I knew things were bad, but they had just told me that things were better. Norm Jefferson had worked for 32 years at Harrington & Richardson Arms, a gun manufacturer in Gardner. Four months before they would close their door for good, Norm got a call from Joe Mello of the Massachusetts AFL-CIO Dislocated Workers Program who told him about the ISP and how working together a Worker Assistance Center could be created for the Harrington & Richardson workers. Weekly meetings were held to inform people of the programs available. Help was provided to people who were having trouble with fuel bills and feeding their families.

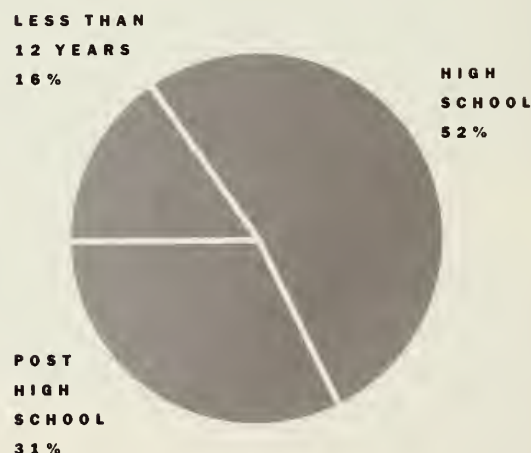
The unions, and especially with the help of Dick LeBlanc, solicited from the locals donated money for the food bank, Pat Hanratty & Suzi Teegarden came out and worked with us at one of the food banks, distributing to over 200 people at one time. Everyone thought it was great that Pat and Suzi would come out and work along side us. It really shows what this program is all about."

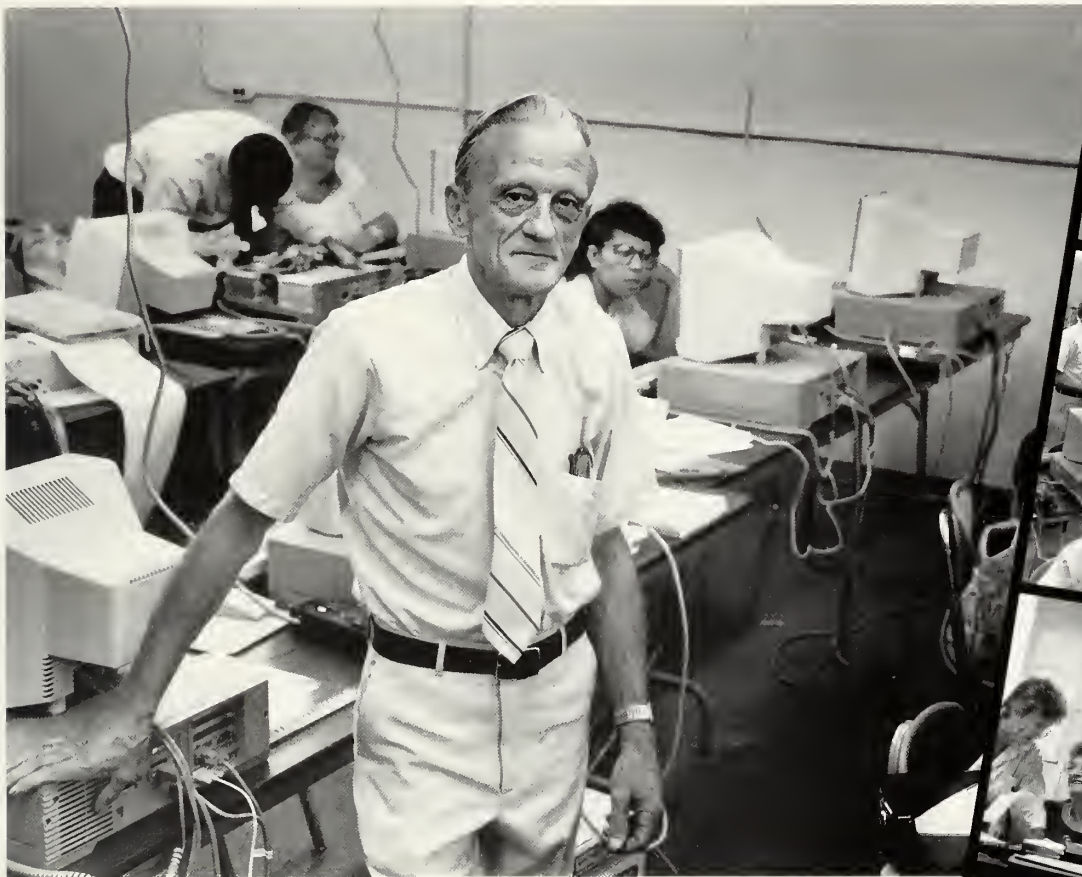
Norm is now Field Manager for the Montachusett Worker Assistance Center, coordinating the setting up of training programs.

Over a period of four years I've seen lots of families affected by the loss of pay. People are really concerned about being able to pay their bills and worried about how long it will be before they're working again. We run into cases where the people really needed training, but the family could not survive for the 6 to 9 months that it would take. So sometimes people take any job just to be working.

You've got to build a trust with people so they feel able to tell you about their problems. Maybe its because I'm an old man that they all call me. They like the fact that I'll listen and I know who to call to get the services they need.

**PROFILE OF WORKERS HELPED:
EDUCATIONAL LEVEL**





"ONE OF THE TOOLS I USE IS TO TALK ABOUT

MYSELF, NOT EVEN HAVING MY HIGH

SCHOOL DIPLOMA AND THAT WAS SOME-

THING I ALWAYS WANTED. I TELL THEM

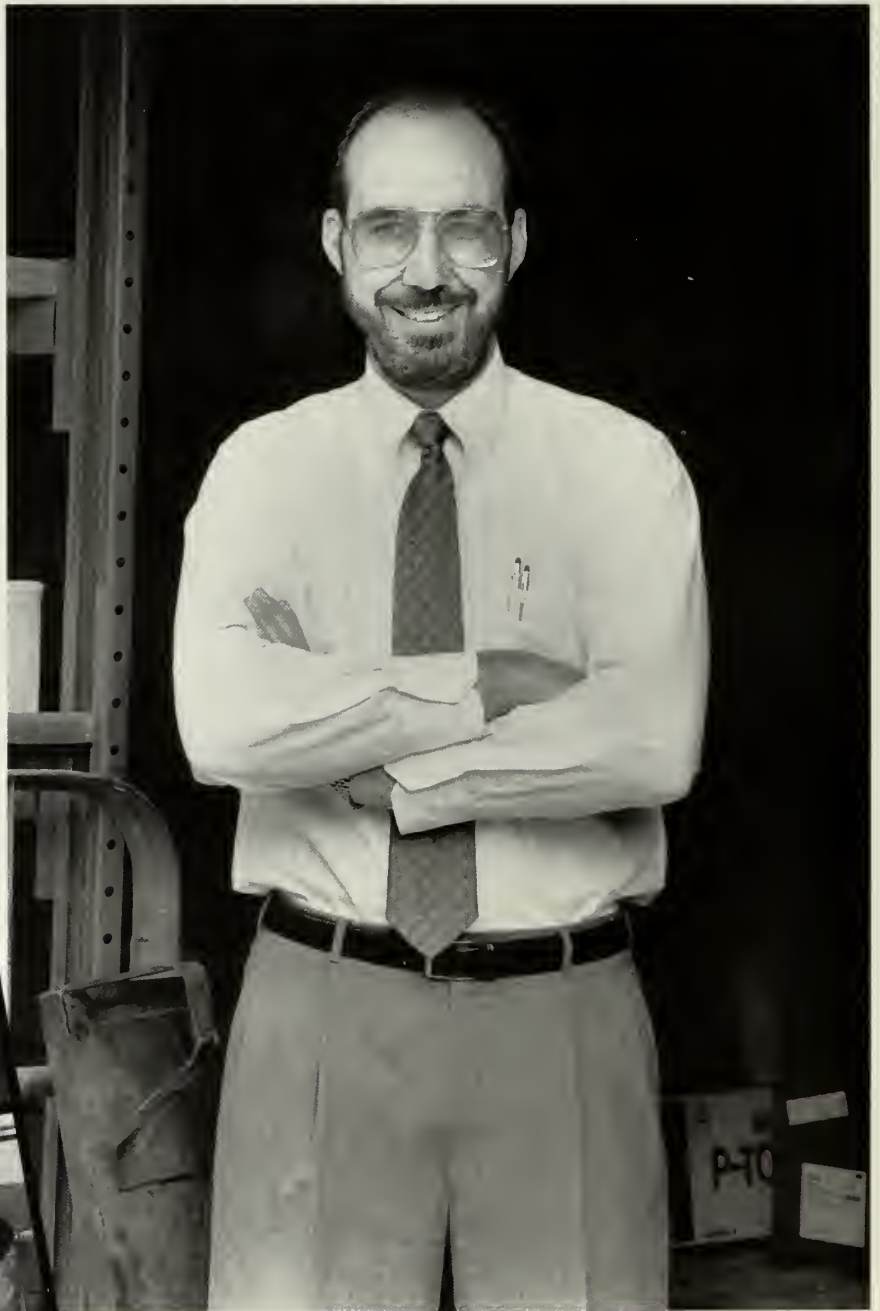
THAT IF I CAN DO IT THEY CAN DO IT.

PEOPLE HAVE GOT TO KNOW THAT YOU'RE

WORKING WITH THEM. THERE'S NO MAGIC

INVOLVED."

NORMAN JEFFERSON



"THE FUTURE LOOKS PRETTY GOOD.

THE INDUSTRIAL SERVICES PROGRAM

GAVE ME MORE THAN ANOTHER CHANCE,

THEY GAVE ME CONFIDENCE."

RON HEYWOOD

The bank was putting on pressure, the ISP came in and took a look at how we were doing. There was a cash flow crunch. The bank wanted to close us down. The ISP was instrumental in fending that off. Through the summer of 1987 it was like 'hold your breath.' "

Sterling Press has been in business in Westfield for 55 years. Ron Heywood and a partner, both long term employees, purchased the company in 1984. A year later, Ron bought out his partner. But by 1986, due to the loss of experienced sales personnel and the two buy-outs, the company was seeing its second year of losses. This aggravated an already strained relationship with the bank.

"If the ISP hadn't come along, then Sterling Press would have gone out of business in 1987. The bank just wouldn't have waited. We have a workforce of forty. But it's not just forty jobs and forty lives, it's also forty families. You have to take that into consideration. In an

area like Westfield, where many businesses have closed, it makes a difference when one company stays alive."

Sterling Press has continued its turnaround and a loan from the EST allowed it to pay off some standing debts and return to profitability in 1988.

After losing for three years, we made a profit. Ed Hitchcock, my consultant from the ISP, sees me on a monthly basis. He has helped me write a business plan and gives me input on how to stick to it. The future looks pretty good. The ISP gave me more than another chance, they gave me confidence. They were able to come in and say, 'This company is going to survive and this is why.' The bank went along with it because the ISP was there to say come along with us."

"HELPING COMPANIES WHO ARE
GOING THROUGH A CHANGE, OR A
CRISIS, IS A REAL HELPING HAND."

EAMONN MCDONNELL



"It's not just about saving these industries, that's important, but it's about saving better jobs, and providing opportunity for people in those jobs."

In 1941, New England Carbide Tool Company was formed as a producer of cutting tools and wear parts. At that time, the tools were manufactured from steel, tungsten carbide, boron carbide and natural diamonds. In 1946, the company developed a masonry bit that became the industry standard for many years.

The company, located in Peabody, prospered through several changes of ownership when in 1988 it was again up for sale. A strong offer came from a German company whose plans included moving the plants operations out of state.

Eamonn McDonnell, a manufacturing engineer, who had worked in the company for twenty-two years, wanted to keep the company in Massachusetts.

"I wanted to find a way to buy the business myself. The bank would only go so far, and I had leveraged all of my own assets. With that, we still had a shortfall. Deborah Gaines, my loan officer at Shawmut Bank, told me about the ISP. With the help of Joe Griffis, our ISP consultant, we were able to work out a small loan which was the critical part of the deal. Without it, we would not have been able to do it. In that sense, it was the most important part.

The ISP is important, not just for business and industry, but for the people that make up that business or industry. For us it's thirty jobs, but these are good jobs. Sometimes in large corporations the profits are pulled out, away from the people who help create them. My long term goal is to share those profits with my workers. Without a doubt it is a partnership, a team, like working with the ISP. They bent over backwards and were as interested in doing the deal as I was. Helping companies who are going through a change, or a crisis, is a real helping hand. If some of us can do well along the way, maybe industry can do more for the ISP."

**BUSINESS AND FINANCIAL SERVICES
(SINCE 1985)**



**324
COMPANIES
HELPED**



**33 EST LOANS
EQUALING
\$7.26 MILLION**



**\$56.9 MILLION
LEVERAGED
FROM OTHER
SOURCES**



**20,122
JOBS
AFFECTED**

"THE PEOPLE THAT MAKE UP THE INDUSTRIAL SERVICES PROGRAM HAVE THE SAME QUALITIES THAT I VALUE SO HIGHLY IN THE PEOPLE WHO WORK WITH ME AT MICRO. A GENUINE CONCERN, A DIRECT AND INTELLIGENT APPROACH, AND A DEDICATION TO PLAIN HARD WORK. TO ME THOSE ARE THE ELEMENTS OF THE PARTNERSHIP THAT HAS MEANT SO MUCH TO OUR WORKERS AND THEIR FAMILIES."

LIZ CONRAD



"In January of 1988, I wrote a letter to Governor Dukakis. I told him about my parents' company, a company that produces a high precision product and employs very skilled craftspeople in a variety of quality jobs, and I told the Governor we needed help."

When Micro Corporation opened its doors in 1961, it was on the cutting edge of a new concept for producing molds for the growing rubber and plastics industry. Soon, the technology developed at Micro was an industry standard, producing complex double and triple lipped seals. Continued concentration on quality and precision gained a firm spot in the marketplace for Micro Corporation.

Lloyd Farson began working at the company as an unskilled trainee and he remembers those early days when the future held nothing but promise, "Back then, we knew we were able to compete. We were ahead of the competition by far and there was no way to go but up."

As the company grew, it provided high wage jobs in a highly competitive business, but that wouldn't last forever. Soon, cash flow problems and a drop off in sales threatened to close Micro. When Liz Conrad, general manager of Micro, contacted the Governor she hoped he could help.

Within days, the ISP was taking a look at just how the company could get back into the black. Frank Porter, an ISP consultant, found that the product was as good as ever, the workers highly skilled and motivated, and the engineers and designers first rate.

Together, Micro and the ISP developed a turn around strategy that would bring the company back. Cash flow problems could be eased with a loan from the Economic Stabilization Trust. Independent sales representatives could be brought on board to expand their customer base and the recently formed Central Massachusetts Metalworking Partnership, an Industry Action Project, could continue to provide Micro with information and resources to keep it producing the highest quality molds.

INDUSTRIAL SERVICES PROGRAM STAFF



Top Row (from left to right): Breck Balmos, Stacey Moran, Diane White, Kim Williams, Joe Griffis, Frank Porter, Ed Hitchcock. Third Row: Amy Rasimas, Suzanne Teegarden, Jennifer Firestone, Elizabeth Prins. Second Row: Christopher Donohue, Barbara Baran, Lionel Romain, Gregg McCutcheon. First Row: Vathana Chea, June Sekera, Molly Leong, Ed Bartkiewicz, Patricia Hanratty. Missing: Pat Collyer, Steve Raymond.

DESIGN: FLANDERS AND ASSOCIATES
PHOTOGRAPHY: PETER VANDERMARK
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ACME
BOOKBINDING CO., INC.

APR 28 1991

100 CAMBRIDGE STREET
CHARLESTOWN, MASS

INDUSTRIAL SERVICES PROGRAM 1990



"together, managing change and manufacturing the future"

INDUSTRIAL SERVICES PROGRAM

October 1, 1990

Dear Friends:

Five years ago we started an experiment.

It was called the Industrial Services Program.

Its mission - to provide working people and companies of the Commonwealth with the necessary resources to remain vital and competitive.

For working people, that meant the help and training necessary to compete in a changing employment environment. For companies, that meant consulting and financial assistance to compete in a constantly changing global marketplace.

The experiment has been a success. The ISP has created one of the most successful dislocated worker programs in the country. This year, the ISP was invited to provide technical assistance to the people of Hungary.

The ISP's business and financial services have helped retain thousands of high quality manufacturing jobs in the Commonwealth while its Industry Action Projects have helped important regional industries identify and address the challenges they face for survival. These Projects have won awards from the Ford Foundation, Arthur D. Little, and the American Economic Development Council, among others.

Still paving the way to a strong economic future for Massachusetts, the ISP is now providing assistance to companies in employee involvement and ownership programs and is helping to create new jobs and developing new businesses with entrepreneurial training.

I am proud to present this Fifth Annual Report of the Industrial Services Program.

Sincerely,



Michael S. Dukakis

Governor

A MESSAGE FROM THE EXECUTIVE DIRECTOR

The ISP originated in difficult economic times. It has successfully restored competitiveness to hundreds of small and medium-sized companies, and it has trained thousands of dislocated workers for new jobs in growth areas of the economy. Throughout the economic upturn of the mid-80s, mass layoffs continued, as did the problem of a mismatch between the skills of workers losing their jobs and those in demand by industry. Similarly, although a growing economy provided profitable market niches, many smaller manufacturing companies faced problems of financing, marketing, product development and general management.

Massachusetts economy is again faltering. There is increased dislocation of workers and many businesses are finding it more and more difficult to stay competitive. In addition to these familiar concerns are new ones. With the downsizing of defense-dependent and high tech firms, new types of workers are being affected by closings and layoffs. Bank credit is especially tight. And, the fiscal constraints of the Commonwealth limit the resources available for all forms of assistance.

We hope to build upon the expertise we have accumulated over the years to help Massachusetts turn this period of adversity into one of opportunity. Concretely, this means helping companies re-tool to face the challenges posed by new technologies and new forms of competition. And, it means helping hard working, experienced people gain the new skills they need to earn a good income.

In the past our success has been the result of a strong partnership with companies, workers and the communities we serve. It has meant continued vigilance in the careful targetting of limited resources, the aggressive leveraging of private dollars and Federal discretionary funds and the active coordination of our efforts with those of existing programs and agencies.

Since 1985, the ISP has helped nearly 400 struggling companies and leveraged over \$79 million in private funds to help them. Nearly 80% of those companies have regained their competitive footing, stabilizing over 14,000 quality jobs. At the same time, the ISP has helped over 35,000 workers find new jobs paying an average of 92% of their previous wage. Last year the ISP has raised 60% of its funding from special grants and private donations.

These accomplishments are due to the extraordinary dedication and hard work of the talented people at the ISP, the Worker Assistance Centers and the many public and private agencies and institutions with which we work.

My heartfelt thanks to those who have contributed so much.

Suzanne Teegarden

The **INDUSTRIAL SERVICES PROGRAM:** A unique response to a national problem

The ISP was created in 1985 to address three interrelated problems: the competitive difficulties facing small and mid-sized manufacturing companies; worker dislocation from mass layoffs and plant closings; and the mismatch between the skills of those losing their jobs and the labor demand of growing sectors of the economy.

The mandate of the agency was to save jobs and viable companies and to facilitate the transition of workers from firms that were downsizing or closing into those needing skilled labor. Though born in hard times, the ISP provided valuable services even when the economy became stronger in the mid-1980s.

Earlier, in 1983, the United States Congress had passed the Job Training Partnership Act, and in response to concern from organized labor, earmarked Title III funds for dislocated worker programs. Although the emphasis of JTPA was on private-public partnership, Massachusetts pushed that logic several steps further by putting within one agency the mandate to help restore competitiveness to troubled firms and to provide re-employment assistance to dislocated workers.

The combination of these two apparently different programs in the ISP created an important synergy. That synergy has in turn helped prevent layoffs. It has allowed the Commonwealth to build an effective early warning system for troubled firms. It has fostered a unique sensitivity to the concerns of both management and labor. And, as a result, it has generated the cooperation of private companies and organized labor necessary to both successful turnaround strategies and successful re-employment programs.

An early challenge, an early lesson

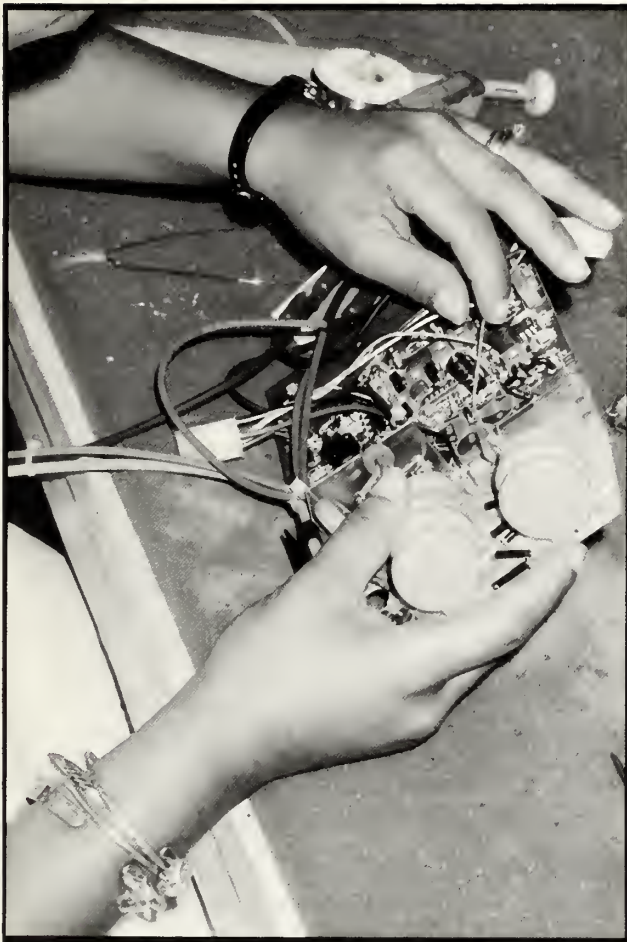
Soon after the ISP opened its doors, the agency was called upon to respond to the largest layoff in recent Massachusetts history: the closing of the General Dynamics facility in Quincy and the layoff of 5000 workers. In a coordinated effort, the re-employment staff of the ISP established a Worker Assistance Center for those who had lost their jobs; the business and financial services staff of the ISP worked with some of the laid-off drafters and engineers to help them begin a computer-aided design firm, and both staffs assisted the union in exploring a possible worker start-up of a ship repair business at the facility.

Because an effective response to this closing required more funding than the Commonwealth had available, the ISP used existing funds to begin services to workers immediately while it identified ways of securing additional monies. Ultimately, \$75,000 was obtained from the Economic Development Administration, \$1.5 million was secured from Title III discretionary funds, and another \$1.5 million was contributed by General Dynamics in the form of staff, facilities, equipment, and supplies.

How and why the ISP works

A multi-dimensional approach

Because there are strong linkages within the ISP, it brings both an "employment and training" perspective and an "economic development" outlook to every problem addressed. The ISP staff reflects this multi-dimensional quality. It is made up of former dislocated workers, turnaround specialists from the private sector, and employment and training professionals.



Quick and flexible response

As a quasi-public agency, the ISP is able to move quickly and flexibly to help both workers in need and firms in trouble. Rather than develop an expensive and relatively immobile infrastructure of service providers, the ISP operates with a small central staff who oversee the creation of Worker Assistance Centers that operate for limited periods of time in areas where they are needed. The ISP's business and financial staff provides temporary consulting assistance to aid firms in finding permanent turnaround strategies, uncovering potential new markets, identifying new sources of financing, and installing new technologies.

Targeting limited resources

Because resources have never been equal to demand, the ISP uses the criteria of most need to target its consulting assistance and re-employment funds. New Worker Assistance Centers are established only in areas where dislocation is a serious problem or when there is a large layoff or closing. Cost-effective rapid response teams which can provide services to workers right at their plants are used when possible. Although any company in a mature industry is eligible for consulting services, the ISP tries to target areas experiencing the severest problems, but whose industries have real growth potential.

Leveraging resources

Over the past five years, the ISP has provided business and financial services to nearly 400 Massachusetts companies. Almost 80% of the companies receiving this assistance regained competitiveness. In select cases, the Economic Stabilization Trust Fund, managed by the ISP, offers short-term gap financing. To date \$8.06 million in loans have been made from the EST. Financial deals are often made in conjunction with other quasi-public corporations, banks and private investors approached by ISP to aid in the turnaround effort. In doing so, the ISP has leveraged nearly \$80 million of private investment preserving more than 14,000 high quality jobs. ISP Worker Assistance Centers consistently maintain low cost per placement rates, provide extensive training services and achieve high placement. The ISP is the only dislocated worker program in the country to implement on a wage retention standard. The ISP has obtained nearly \$14 million in Federal discretionary grants and almost \$10 million in contributions from private companies to fund its Centers.

On-going technical assistance

In addition to its ability to provide and leverage financial resources, ISP offers companies and workers on-going technical assistance. Unlike lending agencies that primarily manage portfolios, the ISP provides continual consulting help from the initial site visit until such time as the company no longer needs assistance. In many cases this can be more important to the turnaround strategy than financing alone. Technical assistance is continually provided to Worker Assistance Centers to ensure high quality, cost-effective programs.

Close partnerships with the companies, workers, and communities

The ISP has shown that effective solutions to problems require the active commitment of those most affected. Worker Assistance Centers are often run jointly by management and labor and all Centers employ dislocated workers on staff. Planning committees composed of representatives from the company and the workforce or union, local elected officials, community and state agencies help coordinate resources and provide start-up assistance.

The ISP's award-winning Industry Action Projects (IAPs) show best this spirit of partnership. The IAPs were formed to help important regional industries such as machining in Hampden County and sewn goods in Southeastern Massachusetts. These projects bring labor, managers, and community leaders together to address the problems and challenges of these yet important industries.

Looking toward the future

In the coming years new challenges will face the ISP. More and more companies will need re-employment services and business and financial advice. In addition, new kinds of workers are being laid off: downsizing by defense-dependent and high technology firms means many more professional and technical employees are losing their jobs. A number of these workers are older and without state-of-the-art skills; some lack any kind of degree. Since state revenues will continue to be scarce, the ability of the ISP to continue providing these much needed services will depend heavily on obtaining other resources.

The ISP is also devising new strategies to respond to these new challenges. In the face of pending defense department cutbacks, the ISP is identifying defense subcontractors to help them develop new markets and is working with the Massachusetts Congressional delegation and the Office of Technology Assessment to shape Federal legislation to assist these firms and their workers. In the face of tightening bank credit, ISP is helping companies become more "bankable". The recently created Office of Employee Involvement and Ownership adds another important economic development tool. For instance, it can help healthy companies stay open by assisting in finding new buyers when owners retire. And, the ISP continues its expansive technical assistance to Worker Assistance Centers to pool resources, develop high quality, customized and cost-effective training programs, and work closely with companies to ensure a good match between their needs and workers skills.

Although new circumstances demand new strategies, the basic mission of the ISP remains the same: to help struggling small and mid-sized companies become competitive again and to find new jobs for good, experienced workers--jobs that will contribute to the economic health of the Commonwealth.

Carving a Niche for full-time employment

"Without the ISP, this would have been a company with a large potential for growth facing a brick wall. The banks were keeping us on a merry-go-round. We built this business by selling our product and ourselves. I know that being able to go directly to the EST Board for the capital we needed made the difference."

In April 1983 Peter Roderick started producing leather goods in his basement in Provincetown with partner Roland Letendre. Peter and Roland worked at first making nylon carrying cases and genuine sheepskin products. Later, both highly skilled in handworking leather, they included all types of leather products.

On Cape Cod, year-round employment is scarce and manufacturing scarcer. However, Peter's and Roland's hands-on management style and the quality of their goods soon meant expansion and jobs for others. By 1989, their company now called Niche, Inc. had sales topping \$ 1.6 million.

The two partners are constantly improving their methods of production and admit that they're never satisfied and are always looking for new ways to improve their operation. This vigilance paid off. They began to realize that they could grow quickly if they had more space. They found enough financing to build a brand new much larger facility in Harwich which they moved into in 1989. However, moving to the new building levied a high price to the company. They now had room to grow, but were unable to get the necessary capital that would finance that growth. Conventional banking sources were exhausted and they came to the ISP for help.

Since Niche provides high paid year-round employment in an area that depends heavily on seasonal work, it was important to help keep these jobs. A \$100,000 loan from the EST provided the needed working capital to buy the materials and the equipment Niche needed to continue full production. This investment gave Niche the ability to continue producing top quality leather products and even expand employment.

Roland sums up what the ISP meant to him. *"The ISP was there ready to help us continue our growth. Without their financial assistance, Niche would have been unable to manage the kind of growth we can handle. That's growth for all of us in the company and growth for Harwich."*



Workers helping workers: high participation and top notch results

When Harrington Richardson, a gun manufacturer in Gardner, closed its doors in 1983, Norman Jefferson lost a job he held for 32 years. As President of International United Electrical Workers Local #262, Norm was used to helping his fellow workers. Together with the ISP and labor, Norm worked to create a Worker Assistance Center to help Harrington Richardson employees get back to work. This Center eventually opened its doors to all dislocated workers in Northern Worcester County, and today Norm is part of the staff of the Montachusett Worker Assistance Center. With a staff made up of former laid-off workers, this Center has helped hundreds of people from large and small layoffs and plant closings. Norm explains, *"The Center itself can be like a family to some people. I know our training groups do become a family. They come in an hour early to help others who are struggling."*

Daily, dozens of laid-off workers who come in for assistance, counseling, job development, training, education, or just a friendly ear. Since the staff of the Center is made up of dislocated workers they know the needs of the people they serve, and they know what it will take to get them back on their feet.

The Center is operated by the Mt. Wachusett Community College which has provided excellent training and education classes at low cost. Center Director, Dominick Panzarella, a former paper worker and former president of Teamsters Local #16, works together with the College to create customized classes when needed. Hundreds of workers have taken Basic Education and English as a Second Language classes and have been trained in such in-demand skills as Computer-Aided Accounting and Desktop Publishing.

Eileen Sousa, former assembler and union steward at Foster Grant Company, coordinates the services the Center offers. Her background and her ability to talk with people is an asset to the Center. *"I think no matter what your age, young, old, in-between, what it's about is that people do need people. Maybe in fact, I need them as much as they need us. It's important that we set up ways to support and encourage people every step of the way. We want them to believe in themselves."*

The Montachusett Center is housed in the basement of Local #60 Health and Welfare Building in Leominster. Dick LeBlanc, President of the Bay State Council and Executive Trustee of Local #60 has seen his members experience being laid-off and has been a committed Center supporter from the very beginning. The staff has solicited hundreds of dollars of equipment and furnishings from the local community for the Center. With the okay of the local building trades unions, they even spent weekends and evenings to finish the interior dry wall and woodwork for office space and classrooms.

The Montachusett Center has surpassed every performance goal that it has set. This year, they planned to serve 245 people, but helped over 800; placing over 400 in training. ISP Worker Assistance Centers traditionally have provided more training for participants than other dislocated worker programs across the country. Montachusett has taken this tough standard even higher. By utilizing existing resources and bargaining with training providers, the Montachusett Center has been able to secure training for twice as many participants than programs with comparable funding. Since 1985, their work has meant a difference in the lives of over 2,500 dislocated workers.



WORKER ASSISTANCE CENTER ACTIVITY

(at 73 Centers since 1985)



35,637
Participants
Enrolled



80%
Placement
Rate



\$9.48
Average Placement
Wage



92%
of Wage
Retained



44%
Placed
in Training



BUSINESS & FINANCIAL SERVICES

(since 1985)



**392
Companies
Helped**



**38 EST Loans
Totalling
\$8.06 million**



**\$79.8 million
Leveraged
from other
Sources**



**14,498
Jobs
Affected**

Manufacturing the Future - facing global competition

In 1961, Keltron Corporation opened its doors in Waltham producing high quality power supplies which control exact electrical currents and are essential for every electronic instrument. As part of the early electronics boom Keltron became a significant manufacturer in this industry. Founder Harvey Fox's engineering skill and the management skills of President and CEO David Wilbourn who joined the company in 1970 nurtured the company to steady growth. Keltron's sales neared \$10 million in the early eighties.

However, in the late 80s, widespread problems in the electronics industry, including the bankruptcy of one of Keltron's major customers, had damaging effects on the company's profits. Sales dropped, earnings became marginal. Foreign competition added a double blow. Lower priced products from foreign suppliers was a direct hit and the ability of other countries to manufacture consumer goods more inexpensively drove down Keltron's asking price dramatically. Hit directly and indirectly, their future was at risk.

David Wilbourn, says, *"We had been in the trenches throwing out grenades for so long that it was hard to remember when Keltron was a growth company. It seemed like the final straw when our former bank began cutting back on our line of credit."*

But, it wasn't hopeless. Although considerable losses had been noted for Keltron, significant debt had been reduced through depreciation and significant cash could still be generated. Keltron's products continued to be in demand. Many of the company's customers depended on Keltron's ability to provide customized design and engineering services.

ISP staff helped Keltron's management draft a new business plan. This plan identified specific areas within the company that needed improvement. All areas of operation were examined - administration, manufacturing, engineering and sales. Along with these internal improvements, new markets were identified. Keltron began to concentrate its efforts on its digital products and devised a strategy to penetrate this market.

A guarantee from the Economic Stabilization Trust fund of \$250,000, and a million dollar credit line from the U.S. Trust Company were combined to keep Keltron's 140 quality jobs.

Robert Truslow, president of U.S. Trust Company, saw the importance of investing in Keltron, *"Manufacturing and the employment it generates are vitally important to Massachusetts. U.S. Trust is pleased to have worked along with the ISP."*

Like dozens of companies that the ISP has worked with, Keltron needed a little advice and a little assistance. Mr. Wilbourn says, *"Prior to ISP almost every dollar of cash flow had to be applied to debt reduction. There was little available for projects that would improve our competitiveness, such as quality and productivity improvements, or development and marketing of new products. The additional funding was a relatively small amount, but it provided relief from daily cash flow restraints. It was really the catalyst that allowed us to apply time and resources in more productive directions."*

From losing a job to becoming your own boss

After three years as a Marketing Applications Manager at General Electric-Pittsfield, John Janaczeck was laid off. For him, the layoff meant an ending of one job, but it also meant a new opportunity. In 1989, the ISP funded Berkshire Enterprises, an entrepreneurial training program designed to help dislocated workers get the skills they needed to start their own businesses.

"I had taken a job with another large company in Lenox, for three months. They got into financial problems and started to cut back. I was a Product Marketing Manager, but I was told they could no longer afford a marketing department and my services were no longer need. I had opportunities across the country, but those would involve moving. My family and I wanted to stick it out in this area. My wife was working full time. Trying to find a comparable job in the Berkshire County labor market was impossible. I decided to start my own business."

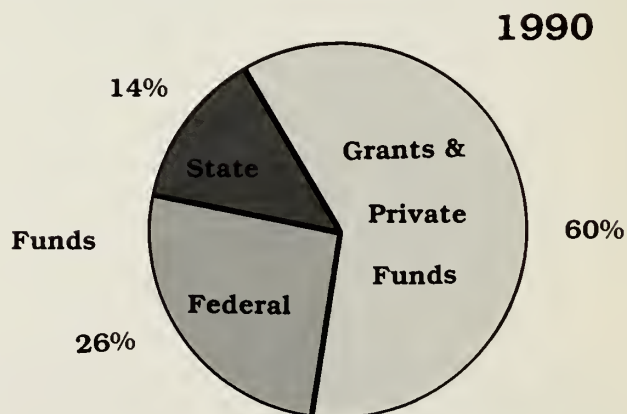
Berkshire Enterprises was developed in collaboration with the University of Massachusetts' Donahue Institute for Governmental Services and was the first entrepreneurial training program in Massachusetts for laid-off workers. The program helps people develop their own businesses through an intensive twelve-week course. The course is run by two entrepreneurs knowledgeable about the needs, pitfalls and opportunities facing new business owners. To help insure that class enrollees are motivated and serious about starting their own businesses, Berkshire Enterprises carefully screens applicants. The class then provides information on financial planning, raising capital, marketing, sales and taxes. Participants are expected to complete a business plan during the course and many actually begin their companies before the end of the program. Berkshire Enterprises

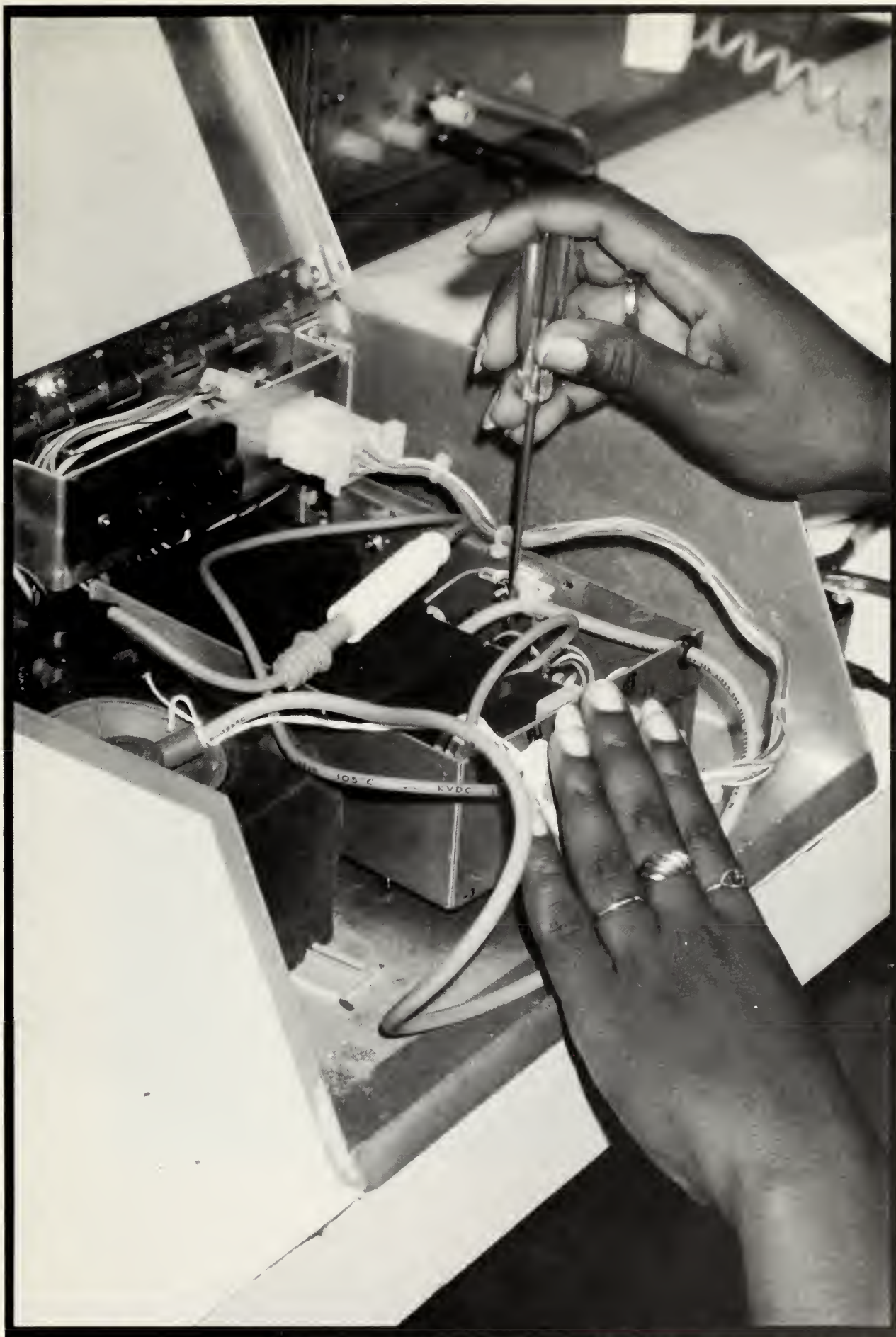
continues to help by providing technical assistance and consulting even after the classes have ended.

John's first task in the course was market research. He wanted to find a product in demand. Because more and more people are concerned about "sick building syndrome" and are more conscientious about pollution and the environment, John determined that air purification and water treatment products were being sought after with great interest. John saw his market - offering environmentally sound alternative water and air purification systems. That was the beginning of Cleaner Environment Technologies.

"Berkshire Enterprises helped me downsize my train of thought. I was used to large organizations like the military and GE. I needed to look at the nickel and dime side." While in the Berkshire Enterprises training, John sold products in the evening. By carrying unique products that were founded on new technologies, John's business was off and running.

John is one of 52 people who have already completed the course. Twenty-five recently laid off workers are scheduled to begin in the Fall of 1990. Twenty-five new businesses are already up and running as a result of Berkshire Enterprises and these new companies have created 43 new jobs. Other businesses are in the planning stages.





National recognition for effectiveness

The effectiveness of these efforts and the quality of the ISP's programs have been recognized nationally. The Industry Action Projects have won awards for excellence in government from the Ford Foundation, Arthur D. Little Company, and the American Economic Development Council. The ISP has been asked to share its experience with other states across the country. Also, ISP staff were members of the U.S. Department of Labor's delegation to Hungary to provide training in serving dislocated workers.

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Front Row: June Sekera, Barbara Demsey, Elizabeth Prins, Diane White, Barbara Baran

Second Row: Ed Hitchcock, Lionel Romain, Suzanne Teegarden, Rosemary Graham,

Joe Griffis, Frank Porter, Kim Williams, Ed Bartkiewicz,

Howard Frim, Gregg McCutcheon, Breck Balmos

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Missing: Patricia Collyer

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